UNIVERSITY OF PENNSYLVANIA

AN ANALYSIS OF DISPLAY ADVERTISING IN PHILADELPHIA NEWSPAPERS TO DETERMINE ITS EXPRESSED TRUTH OR FALSITY

JOHN RUSSELL DOUBMAN

A THESIS

IN ECONOMICS

PRESENTED TO THE FACULTY OF THE GRADUATE SCHOOL IN
PARTIAL FULFILLMENT OF THE REQUIREMENTS FOR
THE DEGREE OF DOCTOR OF PHILOSOPHY

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THE PROBLEM PRESENTED

There exist, undoubtedly, in the minds of the consuming public, and even in the minds of the advertising profession exaggerated ideas concerning the truthfulness or lack of truthfulness of the advertisements which appear in our daily newspapers. On the part of the advertising profession, this led to a feeling that is entirely too optimistic, and among consumers, to a corresponding pessimism. In an effort to determine the exact status of Philadelphia advertising, the following study suggested itself. There is no claim on the part of the author that the idea of such a survey is entirely new.

Several studies have been made upon this subject in other cities. As a general rule the studies have lacked completeness and the authors have been satisfied to accept only the consumer's opinion.[1]

The idea has been to refine this procedure and thoroughly analyze one city. The selection of Philadelphia as the city, was suggested first, by the fact that unfavorable opinions concerning the type and truthfulness of display advertising have been so frequently expressed by those outside this city, and second, by the fact that foreign writers have seen fit to regard this city as a prodigal. A French writer, Monsieur J. Arren, in his book, "Sa Majeste la Publicite," has quoted Philadelphia advertising as the subject of comment rather than some other city. To quote his reference on page 107 of that volume . . . "Il y a un million d'habitants a Philadelphie. Dix pour cent d'entre eux sont des inbeciles, soit cent mills. Si je puis attirer dix pour cent de ceux-ci, soit dix mille, je fais une excellente affaire. Et puis, ne perdex pas de vue notre population augmente!" . . .

It seems, therefore, that the additional comment upon exaggeration expressed on page 106 by Monsieur J. Arren has a very great hold upon the minds of those who view American advertising with an unprejudiced eye . . . "Dans une voille legende orientale, chaque calife en montant sur le trone lancait une fleche, et chacun

[1] See Appendix—Exhibit 1.

etait cense la lancer plus loin que son predecesseur. C'est ce que certains essayent de faire aujour'hui pour la publicite. L'exageration mene bientot a la demoralisation."

To arrive at a method which would be satisfactory has not been an easy task, for it required an analysis which would cover a thorough classification of commodities, a selection of representative newspaper mediums, and judgments made from every viewpoint and not merely from that of the consumer.

THE METHOD

The first problem to be settled in method, after having selected the city, was, what papers to use for the analysis in that city. The author chose four papers upon which to work in making his judgments. This involved a detailed analysis and choices made after giving due weight to the following factors. Were the papers morning or evening editions? Did they have different views with respect to political adherence? How could we best avoid duplication of advertisers? How could the required information be obtained involving the co-operation of the papers? For sake of convenience throughout this study the papers which were selected will be referred to as W, X, Y, and Z.

Length of the Investigation

How long should the investigation be conducted? At this point, considering the amount of detailed work involved and described later in this thesis, it was decided arbitrarily that one week would prove a sufficiently long time. Then, too, in one week it would be possible to get some copy from all of the advertisers, whereas if the period of collection was scattered the same advertisers might be secured several times. For purposes of the questionnaire, it was numbers of advertisers which was wanted rather than numbers of insertions. Since the inclusion of Sunday advertising would have been unfair to the evening papers without Sunday editions, the plan did not include Sunday in the week.

What Period Should Be Selected?

The next problem merged into this to some extent and involved a more detailed study of the time when advertising was at a peak and when at its lowest point. In an effort to select a period in which to collect material, it was decided that the month chosen should be neither a maximum nor a minimum month in the amount of advertising space used. To determine this, the records of the papers were examined and it was found that the months of minimum

advertising space used, were, in order, August, July, January, and December. The months in which maximum space was used, in order, were May, April, October, and June. The other four months were so closely grouped that they seemed to represent the average. Selection of months, therefore, rested among February, March, September and November. The reason for excluding months of maximum or minimum advertising space was that during periods of excessive competition, or of less than average competition, there might exist tendencies to a type of advertising more or less truthful. February being a short month and March a long one might interfere with the average, so it was concluded that the calculations should be made in either September or November. It might be argued that a better method of selecting time in which to conduct the survey might have been to take a typical day from each month. But here it was feared the same advertisers might be gotten and no selection in the month could guarantee a different result. November was selected as the most convenient month.

Before doing any of this work it was decided to analyze the papers which would be used later and therefore statistics were collected during the summer of 1924 to satisfy the author, through trials, that some valuable results were possible.

The first attempt at preliminary analysis was made in July, 1924. At this time a study of the number of columns in an issue was made (obtained by multiplying the number of pages by eight, as there are eight columns to the page).

The columns were then multiplied by the number of lines in the column and the result was then in terms of agate lines per edition. For purposes of comparison and reduction, the papers employ 297, 300, 310 and 340 agate lines to the column. As part of the preliminary study the exact lineage for both classified and display advertising was measured.

The month of November having been chosen as the month in which to make the study, the same method of analysis was followed as had been used during the study in July and August and it was finally decided that the week showing the least variation in Novem-

ber was from November 19 to November 25, 1924, exclusive of Sunday, November the 23rd.

The Classification of Commodities

After the selection of a period in which to investigate, the next problem concerned the classifications which should be used. At first it seemed advisable to use the same classification which was used in the Boston investigation.[1] Upon second thought, it was seen that any ultimate comparison would be impossible and that therefore a more comprehensive classification would be desirable. In conjunction with the Better Business Bureau of the Associated Advertising Clubs of the World a twenty-four-fold classification was determined upon as follows:

Classification

1. Automotive
   - Automobiles (new, used)
   - Accessories (parts, specialties)
   - Tires
   - Batteries
   - Supplies (gas, oil)
2. Building Construction and Engineering
   - Materials (steel, lumber, brick, etc., roofing, plumbing hardware)
   - Builders, architects, contractors
   - Coal
   - Machinery
   - Paints and varnishes
   - Ready-cut houses
3. Clothing (men's and boys')
   - Suits, coats, etc.
   - Haberdashery
   - Tailoring
4. Clothing (women's and misses')

[1] See Appendix—Exhibit 1.

Suits, dresses, fabric coats
Lingerie, hosiery, corsets
Millinery

5. Clothing (children's and infants')
   Dresses, rompers
   Stockings, accessories
   Hats, bonnets
6. Fabrics
   Silk, wool, cotton, handkerchiefs
   Dress fabrics
   Tapestry and lace
7. Financial and Insurance
   Brokers, banks, loan associations
   Insurance companies
8. Foodstuffs
   Canned goods
   Groceries
   Beverages
   Candy
9. Furnishings (home and office)
   Home—Furniture
   Mattresses
   Floor coverings
   Draperies
   Utensils
   Appliances (electric)
   China and glassware
   Office—Furniture
   Equipment
   Stationery
10. Furs
    Coats and wraps
    Trimmings, pieces, etc.
11. Instruction
    Schools
    Courses

12. Jewelry and Optical Goods
    - Silverware
    - Gems
    - Glasses, etc.
    - Watches
13. Leather Goods
    - Trunks, bags
    - Umbrellas
14. Medical and Proprietary
    - Dentists, chiropractors
    - Patent medicines
15. Musical
    - Victrolas
    - Pianos
    - Sheet music
    - Instruments
16. Radio and Electrical Goods (exclusive of house furnishings)
17. Real Estate and Hotels
18. Recreation, Novelties, Toys
19. Shoes (men's, women's, children's)
20. Sporting Goods and Cameras
21. Tobacco
22. Toilet Goods and Drug Sundries
    - Toilet soaps
    - Perfumes, powders and cosmetics
    - Dentifrices
    - Sick room supplies
23. Travel
24. Miscellaneous and Unclassified

Using the classification which the newspapers themselves used was also contemplated, but among the various papers there was no uniformity which would have given any chance for real comparisons. In order to make a preliminary trial, the author started on Monday, May 19, 1924, and continued to classify the advertisements until May 24, 1924. The twenty-four-fold classification

was a result of the inaccuracy and inadequacy of the division which was originally employed, including thirteen divisions, as follows:

1. Automobiles
2. Financial
3. Furniture
4. Medical
5. Men's Clothing
6. Women's Wear
7. Furs
8. Jewelry
9. Leather Goods
10. Shoes
11. Foodstuff
12. Beverages
13. Tobacco

The Questionnaire

About this time a series of questions were made up which were sent out as tests to see whether it would be possible to get answers to a questionnaire upon such a subject from the advertisers. To this questionnaire, ten replies were received out of twenty-five copies sent out. In each case, the comment was very favorable and the answers comprehensive. From this first questionnaire, reproduced below, as a starting point, the larger one to Philadelphia advertisers resulted.[1]

To retailers who are advertising in local mediums or to national advertisers.

1. Are the ads of your community given to misrepresentation or exaggerated claims?
2. Are competitors in your line taking business from you by means of false or competitive copy?
3. What are you doing to meet such competition?
4. Do the newspapers in which you advertise guarantee merchandise advertised in their columns to be as represented?
5. Do the papers in which you advertise censor the copies sub-

mitted to them?

6. Do you believe in the use of these phrases? Check those which you believe to be legitimate?
   1. Half-price sale
   2. Unusual values
   3. Special sale
   4. Free
7. Do you believe these phrases make for come-back or repeat customers?
8. Does the advertising state the true condition of the article such as "seconds"?
9. In advertising would you prefer to have no statement regarding the condition or quality of the article?
10. Do you use comparative prices or values, and if so, on what do you base the comparisons?
11. Do you feel that an article marked "formerly $10 now $5" has greater sales value and repeat customer value than the statement "formerly $6 now $5"?
12. Would you approve of the formation of an organization which would enforce truth standards?
13. Is there a money value to you in having competitors in your line of business tell the exact truth of their products?
14. How do you believe this money value could be determined?
15. Do you believe that exaggerated statements are due to:—
    1. Actual good buying on the part of the seller.
    2. Fear of being left with the goods on hand.
    3. Changes in styles.
16. Why do you hold sales? Answer in terms of a list of reasons.

The preliminary work being finished, and the tests proving satisfactory, the problem now resolved itself into selecting the method finally to be used for the making of the search.

Preparation for the Study

To begin with, two copies of each of the newspapers to be analyzed were secured for the weekdays from November 19 to

[1] See Appendix—Exhibit 3.

November 25, 1924, inclusive. This meant that it would be possible to take each of the four papers each day and cut out every display advertisement which appeared in it. This was done only after the entire display lineage had been calculated for each paper. The advertisements for each paper were then divided into twenty-four classifications. Each classification was pasted on a paper corresponding in size to the paper being cut up. For one paper these pages measured 17x22⅛; for another 17x21; for the third, 18x22⅛ and for the last, 17x24½. This is the size of the printed portion of the page only, the papers themselves measuring, in one case 18¼x22¾; in another 18¼x22¾; the other 18½x23½; and in the last 18¼x26½. This meant that each day each of the four papers was divided into twenty-four classifications and this was continued for six days.

Each class was then measured to determine the exact lineage devoted to that class of product for each day and for each paper. There is naturally a slight discrepancy between the display lineage as reported by the papers and the lineage of the various classes when they are added. This is due to three factors. First:—Certain advertisements were so obviously individual in their appeal as to be practically unclassifiable. Secondly, the greatest discrepancy came from cases where, as in department store advertisements, there were headlines of a general character. These were disregarded since no class could be charged with them and they were institutional or good will copy. This discrepancy would be likely to creep in wherever a concern was devoting its advertising to more than one product or where they advertised to two classes; men and women. Unless it was possible to place one advertisement in one category one day, and the next day put it in an opposite one, to equalize the advantage of space, the advertisement had to be cut and the headlines discarded. Third, there was found to be much white space used chiefly as an attention factor, which could not be charged to any class of product.

Who Should Act as Judges

When this measuring was finally accomplished, the next question was, who should make the judgments and how were they to be made and measured. The judgments made in the Boston experiment were purely from a customer's point of view. Other points of view were wanted and it was determined that the following were necessary and desirable:

First, judgments by representatives of the Better Business Bureau.

Second, judgments by theorists and agency representatives.

Third, judgments by practical men in the field of their specialty.

Fourth, consumer judgments.

To do this, the first need was to avoid possible identification of the advertisements and therefore all names were blocked out by ink, retaining a key for personal use. Then this entire group of advertisements were presented to the representatives of the Better Business Bureau in New York and they were asked to judge with their expert knowledge just what wordings were (a) objectionable, (b) border line, (c) satisfactory. As each judgment was made, it was measured and the classifications were then reported. The amount of space devoted to a classification was called 100%. Of this a certain per cent. was judged objectionable or deceptive, a certain per cent. border line, and the remaining per cent., satisfactory. The second group was composed of three men, two professors of advertising, and a representative of one of the city's advertising agencies.

In order to get the practical judgments, the twenty-four classes were separated and all of class 1 for the six days and for the four papers were gathered together. They were then presented to men in the trade represented by that classification and their judgments were recorded and measured just as the others had been. The consumer judgments were made by four men and four women, at varying ages.

A final list of all the advertisers was made out and questionnaires were sent to them, asking them to give information which would allow conclusions to be drawn as to whether the advertiser

was aware of the conditions which would probably develop from my analysis. A copy of this questionnaire is appended.[1] It is the questionnaire which grew out of the trials mentioned before in this section.

THE RESULTS

In determining the amount of truthful, border line and objectionable advertising, it is imperative that we have some standard upon which to base our judgments. The basis upon which those who have made the judgments have proceeded, was to regard as objectionable all lineage, the wording or the sense of which was contrary to the facts as we know them, or opposed to the truth, or whose conditions were incapable of fulfillment. Lineage which was regarded as border line, was that which the observer believed to be untruthful, but the proof of which would involve considerable discussion; that in which there was a reasonable doubt as to its accuracy.

The next point to discuss was what was to be regarded as display advertising. Under a letter dated July 13, 1925, one paper defines display as advertising embodying copy of a display nature, with border cuts, large type, etc. A copy of the replies of the Philadelphia papers in answer to this question are reproduced.[1]

The investigator wishes to call particular attention to the answer of paper "X," with a separate style of advertising called "limited display." When in the pages to follow, we note a discrepancy between the lineage reported by the various papers and the actual measurements, the fact that we disregarded this third classification will be partially responsible. In addition to this cause, we have mentioned the others under the method, as, first, unclassifiable ads; and second, headlines of a general character and, third, unclassifiable white space. The extent to which the second cause influences the judgments is most important. For example, in choosing four papers at random, as far as date was concerned, I found that on June 19, 1925, paper "Z" had 975 lines which would have been regarded as general headline material, and which as such was

[1] See Appendix—Exhibit 2.

[1] See Appendix—Exhibit 3.

unclassifiable. Paper "Y" for the same date showed 1950 such lines, "W," 2060 lines, and "X," 1692. So that when we note that on November 19, 1924, there were 84,789 lines of display in "W," but the classified measurements record 55,480, it is easy to account for the difference. We must also note two cases, both in paper "X," where, due to the inclusion of some of the limited display advertisements, our classified measured totals are greater than the reported amounts.

Therefore, let us analyze the material from the 19th of November to the 25th, inclusive, as set forth by the newspaper reports and then over and against this, the actual measurements. The classification number refers to the classes as set forth in the chapter on Method.

Date	Paper "W"	Paper "X"	Paper "Y"	Paper "Z"
	Number of Pages in Edition			
Nov. 19	48	40	36	18
20	44	36	32	18
21	48	40	36	18
22	36	22	32	18
24	40	30	28	16
25	44	34	32	16
	Number of Columns in Edition			
19	384	320	288	144
20	352	288	256	144
21	384	320	288	144
22	288	176	256	144
24	320	240	224	128
25	352	272	256	128
	Number of Lines in Edition			
19	114,048	96,000	89,280	48,960
20	104,544	86,400	79,360	48,960
21	114,048	96,000	89,280	48,960
22	85,536	52,800	79,360	48,960
24	95,040	72,000	69,440	43,520
25	104,544	81,600	79,360	43,520

		Display		
19	84,789	65,489	52,230	25,240
20	82,485	52,532	46,095	22,610
21	86,169	66,512	49,650	22,790
22	49,628	31,162	42,845	21,870
24	65,852	41,682	34,260	19,400
25	74,573	47,695	41,790	18,355
		Classified		
19	12,991	15,948	14,985	2,810
20	14,279	5,825	10,025	1,820
21	13,304	5,726	11,355	2,640
22	16,434	7,574	10,860	2,580
24	10,888	6,911	9,770	1,480
25	11,599	5,624	12,310	1,575

By actual measurement lineage in each classification for period beginning November 19th to November 25th

No.	"W"	"X"	"Y"	"Z"	Totals
1	7,635	4,146	3,490	1,380	16,651
2	920	1,274	1,066	737	3,997
3	6,090	3,456	5,100	2,692	17,338
4	11,097	5,081	4,536	3,001	23,715
5	549	885	690	608	2,732
6	391	196	930	644	2,161
7	1,730	4,424	2,172	1,275	9,601
8	7,314	2,962	2,103	1,176	13,555
9	6,204	4,568	3,840	1,854	16,466
10	6,641	2,208	1,664	546	11,059
11	149	254	18	65	486
12	1,679	1,729	476	132	4,016
13	1,390	1,056	141	78	2,665
14	2,856	766	1,958	525	6,105
15	2,005	3,225	566	1,535	7,331
16	1,604	472	30	....	2,106
17	966	8,274	1,397	136	10,773
18	2,636	1,782	1,095	969	6,482
19	1,979	678	1,882	395	4,934
20	....	110	....	....	110
21	330	1,025	1,075	672	3,102

22	330	542	83	328	1,283
23	507	3,750	532	929	5,718
24	1,762	2,617	....	....	4,379
Totals	55,480	66,764	34,844	19,677	176,765

November 20th

No.	"W"	"X"	"Y"	"Z"	Totals
1	1,351	3,006	585	48	4,990
2	3,234	165	860	679	4,938
3	8,486	5,946	2,611	1,534	18,577
4	7,653	4,404	2,918	1,702	16,677
5	276	270	312	158	1,016
6	738	278	725	342	2,083
7	702	3,810	569	948	6,029
8	7,889	4,460	6,310	3,031	21,690
9	6,259	3,263	5,183	2,323	17,028
10	6,160	2,753	2,995	732	12,640
11	270	40	223	62	599
12	723	981	1,275	600	3,579
13	450	308	1,013	298	2,069
14	3,659	376	1,809	1,488	7,332
15	3,658	4,284	2,664	1,815	12,421
16	2,405	385	326	60	3,176
17	129	2,339	285	185	2,938
18	1,527	1,467	1,275	1,398	5,667
19	4,704	2,476	742	565	8,487
20	57	85	....	....	142
21	1,071	460	....	402	1,933
22	342	87	60	....	499
23	335	1,627	1,081	366	3,408
24	2,838	708	835	2,160	6,541
Totals	64,920	43,987	34,656	20,896	164,459

November 21

No.	"W"	"X"	"Y"	"Z"	Totals
1	472	405	152	987	2,026
2	348	507	189	84	1,128
3	14,724	9,560	4,619	1,838	30,741
4	13,065	11,349	6,047	1,675	32,136
5	391	734	485	40	1,650
6	305	148	387	448	1,288

7	44	2,073	249	292	2,658
8	1,190	3,378	3,960	1,560	10,088
10	13,626	6,263	....	675	20,564
11	80	85	40	40	245
12	3,463	104	785	298	4,650
13	404	1,009	110	99	1,622
14	134	118	998	807	2,057
15	3,021	5,066	3,965	3,630	15,682
16	1,901	827	9	....	2,737
17	503	2,526	872	82	3,982
18	1,879	2,984	1,324	1,776	7,963
19	4,145	4,747	3,077	1,870	13,839
20	365	117	105	15	602
21	....	64	152	832	1,048
22	174	2,154	596	18	2,942
23	....	1,044	763	516	2,323
24	784	278	2,546	270	3,878
Totals	70,335	58,451	36,333	19,644	184,763

November 22

No.	"W"	"X"	"Y"	"Z"	Totals
1	1,481	15	48	....	1,544
2	821	906	226	264	2,217
3	2,317	1,056	6,246	2,447	12,066
4	2,004	1,850	4,915	3,282	12,052
5	225	105	181	157	668
6	426	326	293	169	1,214
7	396	180	65	6	647
8	2,689	1,006	1,840	845	6,380
9	4,194	853	2,676	306	7,556
10	12	667	4,733	2,144	8,029
11	40	42	46	56	184
12	325	512	574	225	1,636
13	481	140	546	24	1,191
14	1,686	114	531	430	2,761
15	1,078	362	734	708	2,882
16	7,138	9,806	804	224	17,972
17	1,269	2,755	768	133	4,925
18	1,180	3,762	1,713	1,176	7,831
19	223	243	2,511	1,358	4,335

20	134	19	19	..	172
21	9	....	....	....	9
22	768	116	208	222	1,314
23	692	376	379	383	1,830
24	2,452	626	1,868	4,262	9,208
Totals	32,041	25,837	31,924	18,821	108,623

November 24

No.	"W"	"X"	"Y"	"Z"	Totals
1	2,061	37	618	594	3,310
2	1,099	171	1,453	48	2,777
3	4,925	3,696	1,669	1,220	11,510
4	12,207	3,371	1,572	2,217	19,367
5	401	251	277	301	1,230
6	625	535	731	422	2,313
7	2,305	2,342	1,800	1,538	7,985
8	4,869	1,705	3,790	2,027	12,391
9	11,608	4,687	3,529	2,188	22,012
10	4,670	2,081	734	703	8,188
11	55	65	162	50	332
12	1037	609	392	722	2,760
13	441	295	194	143	1,073
14	1,249	1,550	1,566	742	5,107
15	2,435	1,824	1,210	679	6,148
16	996	370	240	524	2,130
17	233	722	252	73	1,280
18	1,491	1,703	1,432	950	5,576
19	1,132	522	326	365	2,345
20	50	49	20	20	139
21	825	270	500	....	1,595
22	758	114	210	40	1,122
23	1,068	2,138	270	432	3,908
24	978	1,976	562	444	3,860
Totals	57,518	31,083	23,509	16,442	128,552

November 25

No.	"W"	"X"	"Y"	"Z"	Totals	Wk. Total of Each Class	% of Total
1	2,273	1,905	1,287	324	5,789	34,310	3.8
2	657	1,281	385	47	2,370	17,421	1.9

3	4,499	3,004	2,783	1,386	11,673	101,905	11.2
4	6,969	4,961	4,620	2,234	18,784	122,731	13.5
5	322	221	859	207	1,609	8,905	.9
6	146	123	837	211	1,317	10,376	1.2
7	707	6,021	888	696	8,312	35,232	3.9
8	12,401	4,030	5,041	2,573	24,045	88,149	9.7
9	7,475	3,736	2,625	2,476	16,412	98,287	10.8
10	4,207	1,846	738	266	7,257	67,537	7.5
11	....	133	40	17	190	2,036	.2
12	2,268	837	756	561	4,422	21,063	2.3
13	895	465	238	110	1,708	10,328	1.1
14	3,992	351	1,790	938	7,071	30,433	3.4
15	1,726	1,218	775	287	4,006	48,470	5.4
16	1,733	500	764	132	3,129	31,250	3.5
17	15	125	572	48	760	24,659	2.7
18	2,889	2,072	1,184	575	6,720	40,239	4.4
19	2,791	1,253	643	334	5,021	38,961	4.3
20	42	....	127	....	169	1,334	.1
21	999	785	250	....	2,034	9,721	1.1
22	2,013	204	423	251	2,891	10,051	1.1
23	1,021	676	40	896	2,633	19,820	2.2
24	939	4,393	151	741	6,224	34,190	3.8
Totals	60,979	40,141	27,816	15,310	144,246		
Weekly Totals	352,557	254,979	189,082	110,790		907,408	100.0

Objectionable Statements

Before commenting upon the results of the judgments, I wish to note that there were 489 individual advertisers. A few of the types of expressions to which objections were taken by the observers are shown in the following direct citations from the advertisements themselves. They are also quoted under the classifications in which they were found and if they were repeated in different ads by different companies, a numeral gives the number of repetitions.

Automotive

$125,000 worth of good used cars for $68,480.
No vibration.

Unsurpassed value (2).

The lowest price ever quoted.

BUILDING CONSTRUCTION AND ENGINEERING

The perfect writing desk (The perfect enclosure).

Headline: $25 allowance for your old sewing machine (in the body of the ad and in small type) toward the purchase of an X brand.

Free Dinner Set with every Dining Room Suite.

Factory to you direct.

Made to sell for X, our price Y.

CLOTHING—(MEN AND BOYS)

All wool.

½ to ⅓ off.

The finest suit.

We make hats.

——unequalled in intrinsic value (3).

CLOTHING—(WOMEN AND MISSES)

French felt hats.

30% less than market value.

Retains lustre longer than any other brand.

Fabric of unquestionable quality, workmanship, and criticism and fitting unequalled.

CLOTHING—(CHILDREN AND INFANTS)

Miracle Reductions.

FABRICS

Finest of fabrics.

Lowest prices in town.

FINANCIAL AND INSURANCE

Any amount for mortgages.

FOODSTUFFS

No finer candy anywhere at any price.

Finest butter in America.

The finest cream that can be made.

Finer fruit cake cannot be obtained at any price.

Our package contains all the favorite brands of candy.

FURNISHINGS

Nothing like this ever before known in Philadelphia.

Lowest prices quoted anywhere in the world.

FURS

Greater fur coat values are impossible.

The winter's most beautiful furs.

Without explanation. Hair Seal, Beaverette, Hudson Seal, French Seal and Sealine.

INSTRUCTION

X beauty aids used all over the world.

Learn in one month to be an ——— expert and command a fine salary.

JEWELRY AND OPTICAL GOODS

The most luxurious and exclusive of all.

X diamond cannot be equalled in any part of the world for brilliancy, cutting, etc.

Gorgeous beyond belief.

Pearl necklaces $1.35 (unqualified).

LEATHER GOODS

Luggage values we know cannot be equalled elsewhere.

Unsurpassable values.

MEDICAL AND PROPRIETARY

Muddy skin cleared by 3-minute treatment.

You can eat anything.

Instantaneous relief.

MUSICAL

If it is not an (X brand) it is a disappointment.

The last word in construction and beauty.

Turn in any musical instrument as first payment on a piano.

$10 worth of music, handsome bench, free delivery and terms of $3 a week. Free with every player piano (2).

RADIO AND ELECTRICAL GOODS

1000 miles guaranteed on a 1-tube radio set.

The highest development of radio (2).

Newest thing in radio (6).

Most powerful ever built.

Unfailing efficiency.
Meets all requirements (2).
Supreme in every test.
Best kind made (3).
Best and safest insulation.

REAL ESTATE AND HOUSES

Newest, finest and most attractive apartments in the city.

RECREATION NOVELTIES

Best cast in years.
Gorgeous beyond precedent.
Greatest sensation.
Talk of the town.

SHOES

$10 value for $2.85.
High shoes are back.

SPORTING GOODS AND CAMERAS

Miracle Sale.
Everything on it you can wish for at less than the usual price of the bicycle alone.

TOBACCO

A cigar of distinction.
Free humidor.

TOILET GOODS AND DRUG LUXURIES

Enables men with tender skins to shave twice daily.

TRAVEL

Where service and sunshine meet.
Garden spot of America.

ANSWERS TO THE QUESTIONNAIRE

This is purely a statement of results and therefore comment is not in order until we have shown what the status of the entire situation is before drawing conclusions. Before doing this, however, it is desirable to give here the results of the questionnaire which was sent out and which gave a return of 46%, or ninety-six answers. Of the four hundred and eighty-nine advertisers represented by the ads, one hundred and ninety were disregarded,

since the space which they used was so small that practically none of the questions could be answered fully. The forty-four moving picture houses and the nineteen legitimate theatres refused answers on the ground that they were not retail advertisers in the sense in which we were discussing them. The remaining two hundred and thirty-six advertisers were listed. Of these ninety-six responded by complete answers. Others could not answer, owing to the fact that agencies handled their copy and they knew comparatively little of how it was displayed. From the ninety-six complete replies we find the answers to the questions outlined under the section on Method[1] to be as follows:

Question 1. What methods of checking the accuracy of statements appearing in your advertising are used?

This question revealed the fact that sixteen companies have their advertising manager, their sales manager or some member of the advertising department go over and check all statements. In eleven cases, the buyers or department heads do this work. The set-up and proof are checked by seventeen companies while five use shoppers. This latter is particularly is particularly interesting considering the amount of comparative price and value advertising used in Philadelphia. The advertising agency checks in two companies and a personal check by firm members is made in nine cases. The most interesting result shows that no check is used in twenty-four companies, while ten claim that their statements are always accurate. With such judgments, it is easy to understand how much of the objectionable copy creeps into display.

Question 2. (a) Are you fully acquainted with all characteristics of the goods you are advertising?

Eighty-two answer "yes" unqualifiedly.

Seven rely on their buyers.

One says "Yes, in 90% of the cases."

Two admit that, owing to the great number of articles, it is impossible for them to know the goods.

Two say that such a knowledge is not necessary.

(b) Are your advertised statements based on your own under-

[1] See Appendix—Exhibit 2.

standing of what they mean, or the customer's understanding of the meaning?

Fifty-eight say the customer's understanding.

Sixteen claim they use their own.

Sixteen claim they use a combination.

Three claim the use of the trade as their criterion. It can be seen that without intent to deceive the public, an appreciation of the lack of knowledge which the consumer has gives the advertiser an unfair advantage if he wishes to use it.

Question 3. (a) What has been your experience with errors in price or other unintentional errors appearing in advertising?

Eight merchants claim that since prices are matters of individual judgment, they do not use them.

Forty-two have had no experience with errors.

Seventeen would stand for the mistake and adjust it with the newspaper later.

One would stand any loss if not unreasonable.

Seven would hold the newspaper to the extent of their error.

Eleven would explain to the purchaser, while one would either explain or tell the customer they had none left. Another would get a statement from the newspaper to be used by the advertiser to show customers.

(b) What steps should be taken to correct such errors when they occur?

Thirty-five reported that they would correct the error in the next edition of the paper or the next advertisement.

Twenty-seven said they would make good any loss.

Two would satisfy the customer and one said that the firm should stand the loss. Only one saw that the error might act in two ways. If the price quoted in the advertisement was greater, this concern said they would refund the excess to all purchasers if it were not discovered before the customer bought.

Question 4. (a) Do you advertise an unconditional guarantee for any merchandise offered?

Forty-eight replies indicated that no guarantees were offered,

while four indicated that they were rarely used.

Twenty-nine did use them.

Eight guaranteed all their merchandise.

Three do so only if the manufacturer guarantees it to them.

One said that he guaranteed the goods according to the price.

Two others claimed that their shops were of such a high class that such guarantees were not necessary.

(b) What is your policy when complaints arise under such guarantee?

No general plan was in use here.

One sought an adjustment with the manufacturer.

One had never had a complaint.

Three replaced the article.

Five gave the money back.

Four fulfilled the guarantee.

Four gave satisfaction on the guarantee.

Four thought the customer was right and adjusted on this basis.

Nineteen adjusted to suit the customer, though two noted that they had suffered from abuse of this privilege.

One investigated first before any adjustment was made.

On such an important problem we find a truly divergent practice for every concern.

Question 5. (a) Do you believe in the use of bait advertising to attract customers to articles that are dormant or unmoveable or of quality inferior to the article featured?

Seventy-five do not believe in using this type of advertisement.

Twelve believe it is perfectly fair.

Two use it rarely.

Two use it if it is profitable.

(b) Do you believe in the use of an exceptionally priced article to attract a customer to the purchase of a higher priced article?

Thirty-six concerns say that they do not believe in such usage and in nearly every case point out that it is merely bait advertising.

Forty answers show that they regard this method as perfectly satisfactory.

Five answer that they use this method rarely.

Three indicate that every merchant advertises leaders.

One answer says that there is no difference between this and the preceding question and NO is the only answer.

Another merchant answers "Yes." "This is the way we sell all our high priced articles." It seems to me that we must conclude that the pocketbook is a more potent factor than we realize in determining right or wrong usage.

(c) What steps in your opinion should be taken when a customer demands an advertised product that is not in stock or which has been disposed of prematurely?

Ten report that they would get it if the customer will wait.

Five would offer something else.

Nine attempt to satisfy the customer.

Seven simply inform the customer of the conditions.

Fifteen would order especially.

Ten get it at quoted price.

Six say they do not advertise unless they have the stock.

Three treat each case on its own merits.

Such comments as the following were individual expressions: "Never substitute." "Give the customer a better article at the same price." "Put in the ad 'while they last' and live up to it." "Always hedge your ad as 'to the first one hundred customers.'"

(d) Would you qualify your advertisement with a statement limiting the offering when only a limited number are on hand?

Sixty-four answered affirmatively.

Fourteen negatively.

One said "Yes, but say 'buy early' or 'sale from 9 to 12' to protect yourself."

Question 6. (a) What circumstance in your opinion should form the basis of an advertised sale?

Seventeen replied that extra values or good purchases would form a reasonable basis.

Twenty-one replied that an overstock or surplus would be sufficient reason.

Three said that new styles forcing out old styles.

Four replied that job lots would prove a reason.

Six gave as a basis attracting customers.

Three to increase turnover.

Two to make stock taking easy.

Eight declared in favor of season sales.

Two gave introductory offers as a base.

Two others replied with frankness that most any circumstance was sufficient.

Six gave the clearance of stock as a reason.

Two decided than an anniversary, three that a holiday and four a special price would be sufficient.

The following listed answers received one each: removal sale, damaged goods, distress merchandise, special lots, obsolete goods, closing out lines.

In addition to this eleven concerns stated that they never held sales of any sort. The range of practice here is so varied that even the most radical business man would feel inclined to desire more uniformity.

(b) Should the sale entirely involve exceptional values from the customer's point of view?

Regardless of the fact that a sale has a specialized meaning which would indicate an affirmative answer, only forty-two so affirmed. Twenty-six answered negatively. Five answered that a profit would be necessary even on a sale. One answered that only as far as was practical should the consumer be considered.

(c) Should the merchandise offered be such that it could not be regularly obtained at the same price in the store?

Again the answer should be indicated by the very definition of the word sale and fifty-eight answered in accord. Twenty-one answered negatively and one said that only on special sales could that be expected. A rather subtle distinction.

(d) Do you believe in the practice of padding sales with merchandise of inferior quality to the merchandise advertised?

Eighty replied negatively but one concern found no fault with

the practice.

(e) What circumstances in your opinion should prevail in order to justify the following:

Going out of business sales, removal sales, bankruptcy sales, fire sales.

Eighty believed that only the true interpretation of the circumstances named should be used. There were four comments upon the use of these methods without any basis of fact. One concern reported that such sales were merely methods of stock turnover.

(f) Should such classification be used to include merchandise added to the regular stock after the announcement of the circumstances on which the sale is based?

Fifty-seven replied against any filling in. One replied that it would be all right, if goods were in transit at the time. Six replied in favor of the practice. Three replied "Yes" except in the fire sale. Three replied affirmatively, just so the customer got value. One replied "Yes, in case of retirement." Eight commented upon the fact that this practice was common in the trade and entirely too easy to use.

Question 7. (a) Do you advertise special sales such as "One Day Only" or "Dollar Day Sale"?

Forty-seven did not hold such sales. Thirty-nine replied affirmatively. Three seldom did and four never held sales of any kind.

(b) Are all the articles offered regular stock merchandise?

Forty-nine reported that in any sale they offered only regular stock. Eighteen reported that it was not all regular stock. Five admitted buying especially for the sales. Seven replied that sometimes they went outside for material for sales. One replied that 90% of the time he offered only regular stock.

(c) Do regular customers respond to special sales? Do your statements tend to make repeat customers? Is the appeal directed to a particular class of customers?

Sixty-three believed that regular customers responded and seven thought they did not. As to whether they made repeat customers, there was much doubt. Three did not see how it was possible to

check this. Ten did not think that sales made for repeat sales. Six thought that repeat customers were made by sales.

As to the appeal itself, eleven admitted directing sales appeals to bargain hunters. Sixteen felt that each class had a special appeal just as each type of sale had its own class appeal. Four admitted a mass appeal. Twelve tried to appeal to the regular trade. Thirteen felt that the appeal could be directed at no class in particular.

(d) Do you advertise "Certain Percentage Off" sales? If so, what forms the basis of your reductions?

Fifty-one never used sales of this type. Seventeen do use them. As to the basis of reduction, the opinions and methods were varied. Three felt that the market value below which a certain per cent. would be marked off was the only method. Two decided that they changed all the traffic would bear. One established a uniform scale of reduction low enough to mark the goods. Two indicated the method of reduction from the original fair mark up. Cash reductions were indicated in two cases. One used a per cent. off the selling price. The usual method of per cent. of marked price was used in six cases and a fraction off marked price is used in five cases.

(e) Do you believe in the practice of offering a second article free or for one cent when purchased in conjunction with another of the same article? Is it the practice in the trade to offer standard price merchandise on this basis or is it the practice to dispose of little-known or dormant products in this manner?

Sixty-eight were unfavorable and three were favorable. Twelve believed that dormant and little-known products were thus disposed of. One thought that samples should be so offered and one that this was the way to dispose of slow sellers.

Question 8. (a) Do you believe that superlatives and exaggerations are proper in advertising?

Eighty thought they were not proper, though several admitted using them. Three answered "yes" with a certain trade. One comment was that nobody used accurate information. Two thought that people knew what was meant. Three admitted that they were

Seventy-seven thought not, while twelve saw no harm in such a procedure.

(e) Is the "doctoring" of cuts in order to create a different impression a legitimate practice?

Eighty-one thought such a practice was not legitimate. Eight thought it was, if the cuts were changed to fit the merchandise.

Question 13. (a) Are you in harmony with the activity of some advertisers in eliminating comparative prices and values?

One was very much in favor, while fifty-three were in harmony with the activity. Four were doubtful and twenty-four were not in favor of eliminating such usage. One concern commented upon the fact that the usual run of ads are exaggerated. Another concern reported that they did not use prices in this way and had endeavored to have all stores eliminate comparative prices by agreement.

(b) If not, on what in your opinion should comparative prices be based? Comparative values?

Three never used either comparative prices or values. Six thought there was no standard basis possible. As to the comparative prices, the following methods were suggested:—the regular selling price of our stock, and our competitors; actual comparison; facts; last marked price before the announcement (three advocates); one commented upon the fact that such a practice was impossible, for no article was worth more than its market price.

As to comparative values, one suggested that value plus a small profit was a basis. A standard value set by competitors should be used. The difference in answers shows a lack of definite plans in respect to the procedure and this undoubtedly reflects itself in practice.

(c) Should figures be actual or estimated?

Fifty-five thought that all quoted figures should be actual, while four thought they should be estimated.

(d) Should the lowest as well as the highest figure be given when range of price is used? As "Suits—Formerly up to $85."

Fifty-six answered that they believed that lowest as well as the

highest figures should be given. Tweleve thought that such a procedure was unnecessary. Three never use comparative prices. Two thought it optional or would use the words "and up" quoting the lowest figure.

Question 14. Should an advertiser in mentioning quantities use estimated figures?

Forty-six answered "no" and twenty-six "yes." Ten answered that actual figures should be used. Four thought that the advertiser should come as near actual figures as possible. Two thought estimated figures were permissible when large quantities were being quoted. The time element enters into the latter cases.

Question 15. (a) What should be the practice in locally advertising nationally advertised trade marked goods?

Thirty-nine answers indicated that the policy should adhere to the principles of the national campaign. Seven reported they never accepted national material. One thought that there should be no set practice. Three believed that the local advertising should indicate their national character. One thought that the two types should coincide.

(b) Should an established trade mark be used in applying to merchandise of the same class?

Twenty thought that it should, while thirty-nine thought not. One comment was that the mark should be used in applying to only one good, that being the trade marked good itself. Another comment was that a family of products is desirable. A trade mark can be used to designate goods similar to a national brand.

(c) Should steps be taken to insure the accurate use of trade mark name?

The only answers were seventy-four favorable to such insurance of accuracy. It may be said at this point that the answers from this point may not be as full as those preceding. The reason for this is that the following questions are directed at practices within certain classifications which are not general.

Question 16. (a) Do you believe that the use of trade terms for merchandise should be restricted to those terms that are truly descrip-

tive of the material content, e.g., "silk" only as applied to an all silk fabric.

Sixty-seven answered that they believed in such restriction but four did not, the latter feeling that the public knew the content.

(b) Do you believe that established trade terms whose content is not generally known to the public should be qualified? e.g., Hudson Seal ("Dyed muskrat").

Sixty believed in such qualification while six did not.

(c) Do you believe that the material content should accompany a popular fabric term, such as "velveteen"? What in your belief is the nature of the material content of the following:

Damask
Sateen
Velour
Domet Flannel
Silkette
Velveteen
Silkatine

Thirty believed that the content should be given while ten did not. One in justification thought that women knew what they were buying and to demonstrate it questioned a girl in his office. Four thought the manufacturer was responsible for this. Two thought that since the names were registered and patented they were legal and advertisable without having the conscience of the advertiser affected.

Only five knew the actual content of all. Nineteen admitted not knowing the content. Four got their impressions from the familiar part of the name. Two knew the content of four out of the seven. One thought that the content of all seven was wood fibre or cotton but that they were so manifestly imitations as not to be misleading.

(d) Do you believe that the public understands the true content of such fabric?

Forty-six thought that the public did not understand the content. One thought that women did but men did not and did not care

though they did know that they were substitutes. Fifteen thought the public did understand if they looked at advertisements at all.

(e) In your opinion is the public entitled to the true facts when trade terms are used?

Sixty-four thought the public was entitled to the truth, while five thought not.

(f) If more than one basic material is used should all be mentioned? e.g., "silk and wool."

Sixty-four thought they should be mentioned, while six did not think they should. Two of the latter did not think the public were interested.

(g) Are you in accord with the use of the term "Rayon" or similar terms for "Artificial Silk"?

Thirty-three were in accord with this usage. Twenty were opposed. Thirteen thought that the public understood and were therefore included in the thirty-three who were in accord.

(h) Should the following terms be used in describing anything not composed entirely of silk or silkworm?

Satin
Pongee
Velvet
Chiffon
Faille
Canton Crepe
Crepe de Chine
Charmeuse
Foulard
Taffeta
Duveteen

Twenty-six were opposed to the use of such terms. Seventeen had no objections. Five believed the public were familiar with these terms. Two of those opposed thought that even the retail merchants themselves were confused by such terms. Ten thought that such terms should be qualified.

Question 17. Are you in accord with the movement to correctly

tive of the material content, e.g., "silk" only as applied to an all silk fabric.

Sixty-seven answered that they believed in such restriction but four did not, the latter feeling that the public knew the content.

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Question 17. Are you in accord with the movement to correctly

designate all fur trade names with classifications showing the true nature of the fur? e.g., Hudson Seal, Sealine, Mongolian Wolf.

Fifty-three were in accord and three were opposed.

Question 18. (a) How would you label circular Knit or Mock Fashioned Hose?

Twenty-eight would advertise and label these goods as they are. Other terms suggested include Fashioned Seamless, Machine Fashioned, Circular Knit or Knit.

(b) Do you believe that "Full Fashioned" should be used solely in designating a hose made by a particular method of manufacture?

Fifty-two thought that it should while three thought not?

(c) In advertising silk hosiery should the fact that parts of the hose, as tops and boots, are not made of silk, be mentioned?

Thirty-seven thought that the fact should be mentioned. Fifteen did not think it necessary to mention the fact. Three of this group believed that the public knows that the best hose are made that way and that such construction is taken for granted.

Question 19. (a) Do you believe in naming the woods in furniture advertising?

Forty-eight believed in doing so. One was opposed and one believed that sometimes it was desirable.

(b) Do you believe in naming the secondary wood when used in combination with another.

Thirty-nine believed in naming the secondary wood. Five did not believe in naming it but thought that it was enough to say combination. One thought it was optional.

(c) Should birch and gum be used in place of mahogany finish or walnut finish when the furniture advertised is composed of birch and gum?

Eighteen answered in favor of such a plan and seventeen were opposed, believing that the word finish would tell the story.

Question 20. (a) On what, in your opinion, should the following terms be based in order to be correctly used in advertising?

Platinum

Platinum Finish

Gold
Gold Filled
Gold Plated
Silver
Sterling Silver

Thirty-four answers indicated that the true content of the material should form the basis. One thought that there was no definite meaning. Five thought that there was a recognized standard, a jeweler's standard rule.

Platinum was to be composed of pure solid irridium platinum (three answers); platinum finish dull finish should have platinum in it (plated) (two answers).

Gold, solid 10 K. (three answers); 14 K. (two answers).

Gold filled, baser metal with gold (three answers).

Gold plated, composition metal plated (no distinction between this and the former two answers).

Silver, pure bar silver, same as Sterling (four answers).

Sterling Silver 99.1% (two answers).

(b) Is it considered good practice to include the Karat contents when "Gold" is used?

Forty-nine considered it good practice and one did not consider it as such. One thought it was a matter of opinion.

(c) Should artificial stones be advertised as such?

Fifty answers thought they should and one thought not.

(d) Should manufactured pearls be advertised as "Pearls"? Without qualification?

Forty-four thought that there should be qualification. Five thought not, the latter indicating that the public knew the facts. Six believed in the use of trade names in this case.

(e) What should form the basis of products advertised as Ivory? Shell or Amber?

The material as stated was regarded as the proper basis by thirty. Nine answered that truth was the proper basis.

Question 21. (a) What should form the basis of the use of geographical descriptions when applied to merchandise?

Twenty-eight answered that truth should form the basis and fourteen similarly felt that the place of origin alone might be justly used. One felt that only when imported could any such use be sanctioned.

(b) Should domestic products be advertised as foreign products, e.g., "Paris Hats" or "English Broadcloth," both being manufactured in this country?

Sixty-seven were opposed to such advertising. Another advertised as the manufacturer gave the information to him. One felt that, if not misleading it was a proper method. (How this could be, one cannot imagine.)

Question 22. (a) What is your reaction to the use of statements tending to discredit competitors?

Eighty-nine went on record as against this practice.

(b) Do you believe in the use of "Knocking" copy?

Eighty-eight were opposed to the use of such copy.

Question 23. (a) Have you ever used prize awards as an advertising feature?

Seventy-eight do not use such awards. One uses them among his own sales force. One rarely uses them and nine use them as a feature.

(b) What steps were taken by you in eliminating chance from such awards?

Only nine answers were made and of these three said they made them fair to all. Two admitted no steps were taken. Two found that competent judges would make for fairness. One offered more than one prize. One made public awards.

Question 24. Are competitors taking business from you through false, exaggerated or misleading copy? If so, how do you meet such competition?

Thirty-eight did not believe that competitors were taking business in this way. Six did not know. Six said a little was lost in this way. Twenty-three answered that business was being taken in this manner.

As to meeting it, one admitted going their competitors one better.

Another told the Fair Trade League of irregularities. Twenty-one ignored their competitors' claims. Four educated the public. Three taught honesty. Another sent reports to the Better Business Bureau who did little because they are not strong. In one case a concern reported to a newspaper that a direct-mail house advertised the product of the complainant without having the product in stock. The newspaper co-operated and refused the copy of the mail-order company in future.

Question 25. Are the advertisements in your community generally given to misrepresentation? If at all, what percentage do you judge to be misleading?

Twenty-two do not believe that there is misrepresentation. Twenty believe that there is misrepresentation. As to the amount—seven say a small percentage. 1% (3); 3 to 5% (2); 10% (2); 20% (4); 25% (3); 30% (3); 50% (6); 60% (1); 75% (2); 90% (1); 95% (1); 100% (2); Plentiful (4); Don't know (2).

This shows that the advertising is supposed by those interested to be very much worse than it really is.

Question 26. (a) Are you familiar with the organized effort to promote Truth-in-Advertising through Advertising Clubs and Better Business Bureaus?

Sixty-five know of the organization. Six know of it slightly. One has read about it. Two say there is no such thing as truth in advertising. Fifteen are not familiar with the effort.

(b) Are you in favor of such efforts? If so, do you believe that this Movement has a cash drawer value to you as an advertiser?

Seventy-four are in favor. Three are too unfamiliar to know. One is favorable but would not contribute financially. Seventy-four believe it has a cash drawer value.

(c) Are you a member of any Advertising Club?

Thirty were and fifty-three were not members of any advertising club.

Question 27. (a) What is your opinion of the conditions of advertising in your field today as compared to advertising ten years

ago?

Four answered that it had increased in amount; forty-eight, that it had improved or was better; four, that it was more sensational; nine, that it had remained static. Two reported it worse. Two did not know. Two believed it less exaggerated. Three thought it more exaggerated. Two felt that there was no advance, and one, that it was less effective.

(b) Do you believe that advertising standards have advanced?

Eight answers indicated that advertising standards were less ethical today; eight, that the make-up or the mechanical or technical phases were better. Seven did not think they had advanced. One did not know, and seventy-one thought that the standards had advanced.

Question 28. Do you give any thought to the class of advertising that appears adjacent to your own copy as in the same publication?

Sixty-four did give thought to the adjacent copy. Two thought that a choice should be given to the advertiser by the newspaper. One gave thought, but was bitter because nothing could be done if he objected. Two did not care. Two thought the newspapers too arbitrary. One objected that the mediums could stop bad ads by refusing to accept them and therefore, since they did not refuse them, why think about adjacent copy? One said that he could not find out in advance, and after it appeared it was too late. One depended on the papers. Four never thought about adjacent copy. Four did not think much about it. One countered with this Question, "What good does it do to think about it." One said, "There is no choice." Another, "You can't get any position you desire, anyway."

What the Answers Indicate

So the answers indicate that there is no standard of procedure, there is no guide as to proper or improper standards. The retail trade is in a strangely upset condition and the answers to the questionnaire indicate the necessity of co-operation or of some uniformity in thought, and this can only be brought about through

some organized, positive effort.

Results of the Judgments

After making the measurements and understanding what the trade felt to be its position, the time was at hand for judgments to be made. For this purpose, each paper was grouped for the six days and each day's classification was kept separate. The first group whose judgments are reported are the representatives of the Better Business Bureau, the method used being outlined before in this study. It is necessary to note in a general way that each judgment was made by the individual without reference to any other person. In order to avoid any leniency or stringency in the matter of first and last judgments, the viewers were started on different papers. It can also be seen that to set forth here the individual judgments for each day and each paper would involve several thousand pages. So in each case where it was practicable, we have taken weekly summaries and repeat them herewith.[1]

[1]Copies of the summaries in detail may be procured by applying to the author.

A composite of the judgments of the representatives of the National Better Business Bureau would, when averaged, give the following results. This involves a summary and general average for the weekly results of each of the four papers.

The objectionable advertising was reported as averaging 2.5%. As to border line cases the percentage was found to be 2.4%. 95.1% was reported satisfactory.

The next group to be studied involved three sets of judgments by two theorists and an agency representative. The subjects in this case being called A, B and C. The papers being grouped for all three observers for purposes of comparison.

An average of these three judgments for the week including all papers is indicated below:

The Theorists

A found .5% to be objectionable

B found .6% to be objectionable

The Agency Representative

C found .8% objectionable

As to the border line cases

A reported 3.5%
B reported 3.5%
C reported .8%

The amount regarded as truthful

A 96.0%
B 95.9%
C 98.4%

Or a general group average of objectionable advertising .6%, of border line 2.6% and as truthful 96.8%.

Group three represents the judgments made by twenty-four individuals. In each case the person was chosen because of his wide knowledge of the field and every attempt was made to secure one who had no set advertising standard. The names of the judges are kept strictly confidential owing to the fact that in many cases holding responsible positions it would have been embarrassing to have their opinions quoted under their names. There was an unanimous opinion, which could be verified, that the men did not realize for a moment that exaggeration was as prevalent as the display analysis proved it to be. The results combined for these judgments follow.

The average for all papers for the week therefore in this group is; objectionable, 2.9%; border line, 3.0%, and truthful, 94.1%.

Group four consisted of eight consumers referred to as A, B, C, D, E, F, G and H. A, C, F and H were male observers—in differing age groups—one between 20 and 30, another between 30 and 40, one below 20, and the other above 50. B, D, E and G were female observers at the same age levels as the male observers. Thus it is hoped that all age groups have been covered relative to their age reactions to advertising.

In summarizing our consumer judgments for the four papers and then averaging we find that

A	reported	as	objectionable	.9%	E	reported	as	objectionable	.9%
B	"	"	"	.6%	F	"	"	"	.7%
C	"	"	"	.5%	G	"	"	"	.7%
D	"	"	"	.4%	H	"	"	"	.6%
A	reported	as	border line	1.1%	E	reported	as	border line	.8%
B	"	"	"	1.2%	F	"	"	"	.6%
C	"	"	"	2.4%	G	"	"	"	.4%
D	"	"	"	1.1%	H	"	"	"	.6%
A	reported	as	truthful	98.0%	E	reported	as	truthful	98.3%
B	"	"	"	98.2%	F	"	"	"	98.7%
C	"	"	"	97.1%	G	"	"	"	98.9%
D	"	"	"	98.5%	H	"	"	"	98.8%

A general average for consumers would find .6% of the advertising observed, to be objectionable; 1.1% border line; and 98.3% truthful.

CONCLUSIONS

General Conclusions

A tabulation of the results would show that group number one of our judges, the Better Business Bureau, declared, 2.5% of the Philadelphia newspaper advertising to be objectionable, 2.4% border line and 95.1% truthful or satisfactory. Group two, or the theorists and the agency representative, found .6% to be objectionable, 2.6% border line and 96.8% truthful. Group three, or the men actively engaged in the industries which they criticized, reported 2.9% objectionable, 3.0% border line and 94.1% satisfactory. The consuming group found only .6% objectionable, 1.1% border line and 98.3% satisfactory. Let us attempt to solve this problem of why the consumer should find so little wrong and next in order, the agency representative and the theorists, then the Better Business Bureau and lastly the practical group. This is undoubtedly accounted for by the fact that the consumer is rather gullible. They depend upon the written message of the concerns which advertise. It is only an obviously false statement which challenges their belief. In the case of the theorists, they have a position slightly superior to the consumer, but not a sufficient knowledge to make the technical judgments of the later groups. As to the agency representative, this type would have the point of view of those who write the ads, and every border line case would naturally be decided in favor of the advertiser. But aside from this, contacts such as he has, experience in values and research method make him a better judge and a more accurate critic than the consumer, despite his leniency. In the same way, men in the field of their own work are likely to judge more critically than they would in another business in which they had little experience. The group of Better Business men who realize through their cases and legal proceedings just what can be expected in respect to values and terminology and what legal proof is required in presenting a case are likely to be sure of their ground. The more practiced eye, therefore, picks out flaws, and judges more harshly than any other group.

A summary and a general average shows undoubtedly that Philadelphia does have 1.7% of its advertising falling into the objectionable class and 2.3% in the border line, but 96.0% is truthful and for this reason it appears that there is not the necessity for pessimism which many believe would be disclosed.

The percentages represent only that exact lineage which is regarded as objectionable or border line. The percentages in other studies seem slightly more severe because in some cases an entire advertisement was regarded as objectionable when only a small percentage was at fault. This study represents the exact faulty lineage. This involves a consideration of the fact that a headline may in some cases by a clear falsity throw a cloak of doubt over the entire advertisement when the material aside from the headline may be perfectly truthful. The impossibility of judging how much of the truthful has been contaminated by such a headline is evident. The problem has been met by regarding, only the material as expressed, to be judged. This statement calls attention at once to the method used for measuring space.

What Are the Common Faults. 1. Superlatives

The newspapers during the period of study in Philadelphia, and today, abound with superlatives. It is a common source of obvious misstatement, and when we read that many people at the same time claim to have superior quality, the perfect set, the greatest bargain, the highest grade, the best, the purest, the finest, the most durable, and many other claims just as absurd, it is certainly time to curb our use of language. "If we believe in truth as the cornerstone of all honorable and successful business and that there should be no double standard of morality involving buyer and seller," then we realize the necessity of acting to maintain the public's confidence in advertising. Here we are faced with a very difficult problem. What is "puffing" one's wares which is legally permissible? In the case of U. S. vs. the New South Farm Home Co., the Court defined puffing as "the mere exaggeration of the qualities which the article has, but when a proposed seller goes beyond that,

assigns to the article qualities which it does not possess and thus not simply magnifies in opinion the advantages which it has, but invents advantages and falsely asserts their existence, he transcends the limits of 'puffing' and engages in false representations and pretences. An article alone is not necessarily the inducement and compensation for its purchase. It is the use to which it may be put, the purpose it may serve, and there is deception and fraud when the article is not of the character or kind represented and hence does not serve the purpose." It is a hard thing to determine where one begins and the other ends, but the safest way is to consider the public and keep our "puffing" at a minimum.

The Fault of Comparative Values

The next type of fault seems to be that throughout the advertisements comparative prices and values abound. A comparative price differs from a value in that the price is a statement of fact, while a comparative value is an opinion which may not be factual. To represent the fact that a $35 suit may be purchased for $25 is objectionable when the usual price is only $30. Naturally, the price reduction is an important factor in inducing purchases. Comparative prices are usually resorted to only when the market has refused the merchandise. Investigation shows that 50% of the comparative price claims investigated were incorrect. Thus a chance of misleading 50% of the customers was a possibility. The difficulty of setting comparative prices is seen when it is realized that to maintain a proper comparison would require a score of shoppers. Comparative prices should thus be reduced to a minimum, unless the users are certain of their correctness. To have the public respond to an advertisement, and then find that untrue claims were made, destroys confidence. The continued abuse of comparative prices and values is one of the greatest evils of advertising. One trade paper commenting on price abuses said:

As a matter of fact some stores have linked the bargain appeal so persistently with their daily newspaper announcements that they are now at the point where reduction sales are a regular day in and day out affair throughout the year. A casual reading of many advertisements fails to indicate

where one season stops and the next begins, and the prices quoted are generally supposed to be from one-third to one-half and at times two-thirds to three-quarters below what is claimed to be the regular price.

Then, too, we must realize that the constant market fluctuations and the fact that the public have no way of knowing upon what basis the quotation is made, make such usage the more objectionable.

Misbranding

The third class of advertising which is objectionable is misleading names or misbranding. This type of case is not limited to any one class of product. Furniture and textiles have probably offered more fertile fields for its exercise than most others. A study recently made by the New York University Bureau of Business Research upon Textile Trade Terms has a summary of conclusions in its report which is particularly elucidating upon the abuses in that field.

A group of principles or general conclusions based on the Bureau's research may be formulated as follows:

(1) Terms such as silk, wool, and linen, if they are not to be misleading, must be confined to fabrics which contain nothing but the pure material specified.

(2) Terms indicating a fabric which has a certain weave or finish, but which may contain any one of several different materials, if they are not to be misleading, must be accompanied by words which correctly indicate the content. Such terms are Brocade, Duvetyn, Poplin, Plush, Taffeta, Tussah, Velour, and others.

(3) Terms which indicate a combination of materials are especially apt to be misleading and require especial care. This is true because the very fact that a mixture is indicated seems to show that an effort is being made at greater precision; that is, such terms seem to assert definitely that some quantity of each of the materials indicated is present. By stimulating or conveying the impression of accuracy, such terms are more apt to mislead than if they did not imply a mixture.

Some anomalous terms are not only apt to be misleading on the foregoing ground but are so highly illogical as to be little short of absurd. Such terms are "Silk Lisle," "Fibre Silk," "Velour Plush," and "Ramie Linene."

(4) Terms containing a combination of both the name of a country (or some word suggesting a country) and a material which is used in the

manufacture of some fabric for which the country is well known, are apt to have a strongly misleading effect when used inaccurately. For illustration, the following terms may be mentioned: Venetian Satin, Australian Wool, Irish Linen, Kamura Silk.

(5) Terms which contain the name of some raw material instead of a fabric are apt to be highly misleading, e. g., Linflax, Australian Wool.

(6) The term "fleece" clearly suggests wool to the average consumer, and, when used to designate fabrics or materials which are not wool, it is misleading.

(7) A small percentage of consumers (apparently a little over 20%) do not make reasonable distinctions in buying fabrics. While their misunderstandings are ignored by many retailers, they can be constructively served by pure accuracy in advertising description and names of fabrics.

(8) Certain long established terms which, though they may once have been misleading, are now generally understood by consumers, may be admitted as not now misleading although, abstractly considered, they are undesirable. Such terms are Canton Flannel, Outing Flannel, India Linen, and possibly Velveteen. It is suggested that it may be well to indicate the exceptional character of these terms by always placing after them in parentheses the name of the material of which they are composed. For instance, outing flannel should be described as follows: "Outing Flannel" (Cotton).

(9) More particularly, however, those modifications which follow the well established form of joining to the base term a diminutive ending are less misleading. By this is meant such terms as Velveteen, Sateen, Silkaline and the like. On the basis of the Bureau's questionnaire it may be concluded that a majority of consumers take the ending "een" or variations thereof to indicate the presence of cotton, and it will be observed that few of these terms are contained in the list of misleading terms and none have been found which are highly misleading.

Custom is no excuse in law for the existence of these terms. The United States Supreme Court in the Winsted Hosiery Company decision sees no defense for misleading names in the excuse that they are a custom of the trade, but says that "A method inherently unfair does not cease to be so because those competed against have become aware of the wrongful practice. Nor does it cease to be unfair because the falsity of the manufacturer's representation has become so well known to the trade that dealers, as distinguished from consumers, are no longer deceived. The honest manufacturer's business may suffer, not merely through a competitor's deceiving his direct customer, the retailer, but also through the competitor's putting into the hands

of the retailer an unlawful instrument, which enables the retailer to increase his own sales of the dishonest goods, thereby lessening the market for the honest product."

(10) When the fabric to be named is not all-pure, the use of general terms such as fabric, cloth, material, suiting, etc., is desirable in place of such terms as silk, wool or woolen, and linen. The latter are apt to mislead because they not only indicate the fabric, but also the materials used in its composition. There appears to be no logical reason why such terms as "A. B. C. Silk" should have been used instead of "A. B. C. Fabric," or "A. B. C. Cloth." (Recently the manufacturer has followed the procedure here suggested.)

(11) The use of the word "near," with the word linen, does not prevent consumers from being misled when the fabric concerned is cotton.

(12) Such terms as "Woolspun" and "Wool Processed" are misleading when applied to products which contain no wool.

The two foregoing points show that many women reason that to be "Near Linen" or "Woolspun," etc., the fabric must contain *some* of the material named.

The words, silk and wool, have been, and are now, continually misused. Terms such as all silk, sports silk, balloon silk, are applied to fabrics which contain no silk of the silk cocoon. Such loose use of terms, when a very exact meaning exists, will do much to destroy confidence and react to the disadvantage of the individual advertiser. So woolen fabrics labeled "Land O Camel Cloth 100%," with the picture of a camel, was recently found to be improperly labeled, for it led the consumer to think that the product advertised was 100% camel's hair. In judging the advertising in Philadelphia, we found in several cases the use of the term "silk striped shirts" and the prices quoted indicated that the real fact was that they could only be fiber striped. So, genuine cowhide should be used only when the product is made of leather tanned from the hide or the layer top or outside the hide. If split cowhide is used for an ordinary thickness, a layer has been removed from the top, and the advertisement is within the realm of truth. Otherwise, an explanation should accompany the statement. So jewelry marked "14 K. Gold S," meaning shell, is likely to be mistaken for solid. "Two Tone Walnut" is not accepted as the standard for furniture

advertising, when the furniture should read "combination walnut and gum." Probably the worst offenders in this matter have been the furriers. Most of the dealers now indicate the exact furs in their products, but it is certain that the following usages are misleading: Iceland Fox, Hudson Seal, for dyed muskrat; Arctic Seal, Baltic and Hudson Bay Seals, for dyed rabbit; Hudson Lynx for coney.

Testimonials

The next broad general classification of undesirable advertising seemed to be the use of testimonials for proprietary medicines. Usually set up like news items and in the form of personal advice, they seem particularly designed to ensnare the gullible sufferers. The headlines are usually of the scare variety with promises hardly capable of fulfillment. Where the only real remedy known for certain diseases is an operation these testimonials play on the fear which exists and uses headlines of inquiry "Do You Want an Operation?" The use of fictitious testimonials is fraudulent, and only when actual happenings are recorded by competent persons should they be allowed to be used. The word specialist is frequently used in marketing remedies, when the person referred to is not a licensed practitioner. Then, too, it is questionable whether a testimonial is bona fide which has been secured by giving the person the product or money in order to secure the testimony.

Disparaging Copy

Next, disparaging copy is diminishing in amount, but is still all too frequent. We are urged to use oil because coal is dirty. We then find that oil is dangerous because of the possibility of fire and that gas is safe. So the merry battle goes on. The vacuum cleaner destroys carpets, the housewife was told; the vacuum cleaner is the only agent which takes out the dirt, the cause of their ruination, and so is entirely safe. Coffee destroys our nerves and certain substitutes do not. Then we read that coffee does not hurt our physiques. Such copy is wasteful. In its place we need constructive, positive copy, wherein we forget our desire to knock our competitor.

Bait Copy

It is difficult to comment upon the use of so-called bait copy; that is where a merchant advertises a product but refuses to sell it when a purchaser asked for it. Having no organization to attempt purchases, the observer could not investigate, but we do know that such practices exist. In passing, it is well to recognize also the use of misleading illustrations and cuts, trade mark infringements, prize schemes and obscene advertising.

Free

The word *free* is misused entirely too often in advertising. Free means a gratuity and not subject to some particular authority or obligation, furnished without cost or payment, not confined, restrained or combined with anything else. On looking over the times in which the word "free" was used in the study made, it was found that never once was it used in any sense except involving the consideration of the purchase of another article. The word "given" is more exact and if an advertiser wishes to prevent the consumer being deceived, he should adopt some such wording. "An extra pair of pants free to each purchaser. Price $50." The price of a suit with one pair would be only $40. Much "free" advertising is so arranged that the word "free" is merely an attention getter and the construction seems to indicate intent to confuse the consumer. We have recently heard of a new scheme involving "free." Under this scheme individuals received a letter stating that they were to receive a plot of ground free, paying only the costs of conveyance and surveying. The recipient went to the section and saw a small lot. He was then urged to trade it for a larger one, and to pay so much additional, or to buy the lot next. Therein lay the catch.

Sales

As a generalization, it appears to me that sales have been overused. Sales really should involve a saving to the consumer. Clearance sales have undoubtedly a place in retailing. It clears up a

stock and prepares room for newer goods. But so many merchants today use the sale as a means of fooling the trade, that it is only a question of time until the public will rebel. If the merchant resorts to these sales legitimately, he is certainly printing an admission that he does not know how to buy. Thus, being overstocked constantly, he is forced to advertise a sale. In the investigation just completed at least six concerns were found who live in a constant sales atmosphere. It must be realized that the public can revoke a man's franchise to do business. That the only way to continue to hold the franchise by giving service to the consumer. Much of the retail advertising is going by unread today. The answer may be that the public is losing confidence in it. The undermining of this confidence may be due in part to this constant high pressure selling and the constant featuring of the sale idea.

Guarantees

The unconditional guarantee is objectionable unless it can be absolutely observed. Advertising an unconditional guarantee for three years, when it was a mere service guarantee and adjustment required an additional fee, is certainly misleading. If the advertiser guarantees to refund the purchase price to customers if they are not entirely satisfied, allowing a customer to be the judge, there should be no argument if the customer asked for a refund. So any restriction on a guarantee should prohibit the use of the term "unrestricted guarantee." When goods are returned under a guarantee, handling charges should certainly not be deducted. A guarantee should also extend to agents, when a company advertises that the product may be secured through agents.

In the same way, it is well to say that "seconds" should be so advertised. Partial payment plans, as urged and advertised in the papers, are frequently misleading. In fact, many of these concerns advertise the credit feature at prices just the same as cash. However, if a person has cash he can secure a better price, and it has been intimated by salesmen in at least one of these concerns, that the merchandise tags give both cash and credit prices. Close watch should be kept on advertisers using "Factory to you" headlines, for

much of this material is purchased in open market and the advertiser has no special factory connection.

Then, too, advertising schemes are in many cases fraudulent. One of the newer schemes involves a hosiery offer in which hosiery, sold for twenty cents a pair, is claimed to be made of silk. The scheme is an endless selling chain, worked as follows: The company sells five pairs of hosiery for $10. Then four dollars is paid down and three coupons sent. The customer can then pay six dollars or sell the coupons for two dollars each to friends. She keeps the six dollars and her friend repeats the order and coupon procedure. This is merely one of the newer schemes which will probably meet disaster before long.

The need for correction of these abuses is shown, for example, by a concern which recognizes the need of truth in advertising and which accepts as its standard the following:

Truth in Every Printed Word in Advertising.

We represent every garment exactly as it is and will publish only pictures of the actual garments we offer in the store.

We never quote comparative prices.

We will never say

$20, $25 and $30 Spring Dresses for $15.

We will never say

Girls' $15 Spring Coats for $7.50.

We will never say

Coats and Dresses $14.50 Value for $10.

But we DO guarantee that every garment we sell is the best value on X Street every day, or your money back in cash. If you see our garment in any other store, anywhere for less, we will cheerfully refund the difference or return your money, whichever you choose.

Truth in Every Spoken Word of Our Employees.

Truth on our price tickets—we will sell at one price to all, and that price, as well as the size and our Seal of Truth Guarantee printed in big, bold, plain type on every ticket.

This store will never hold forced events.

Every garment will be marked at the smallest margin of profit ever attempted by any apparel house in America, and our Seal of Truth guarantees the value to be the greatest in Philadelphia.

We will never say "Clearance."

We will never say "Reduction Sale."

We will never resort to any artificial method of stimulating business.

But we want to impress upon every woman of Philadelphia that whenever they want apparel they can come to us, knowing that they are safe in everything they buy.

It is not necessary to comment upon the advertisement as it appears. It may be subject to some doubt itself, but the fact is that the advertisers are seeing what is apparently wrong with their copy. Nor is the copy of retail stores of this type alone in its misuse of space. The following will show how certain advertisements are being objected to in the piano industry.

An extract from one of the leading musical magazines of America says in part:

To read one of these piano advertisements is to gain the impression that the advertiser is decidedly desirous to sell. The instrument together with a piano lamp, bench, music rolls, scarf or cover, roll cabinet and other extras, is offered at prices of $242, $259, $267, and $275, according to the advertisers. In fact, one advertiser, who makes the same offer week after week, emphasizing that the sale is for a few days only, recently incorporated in one of his advertisements that there were only a few pianos at the advertised price. This limited number of instruments was named to impress upon the reader of the advertisement the necessity of haste, if a piano with all the extras was desired at the price. This same offer in all probability shall be made next week and next month, if the future is to be judged by the past.

Much newspaper space has been steadily used all during the year, at a cost of thousands and thousands of dollars.

The innocent purchaser who believes that the advertisement has put him in touch with a great bargain does not realize until the transaction is entirely completed that in place of buying an instrument at something like $267, $275 or $295, he has been signed to a contract which calls for anywhere from $500, $600, $700 or $800 with interest at six per cent. per annum.

There are all sorts of methods used in carrying out this raising game, and some of them have nothing at all on the tactics employed by the "green goods" men of the early eighties and nineties.

Other Faulty Advertising Mediums

Of course it would be very easy to gather other mediums in which the advertiser was using the same kind of misleading state-

ments. Direct mail, billboards and magazine advertising are by no means exempt. The fact that this analysis covers but one medium—newspapers—is ALL that saves other mediums from having examples drawn from them.

Nor do we, for one moment, want to have it felt that only Philadelphia advertising is faulty. We have gathered together papers from other communities and we find that as a general thing their ads contain the same class of misleading statements. *The Daily Mail* and *The Daily Telegraph*, of London, have daily examples of the extent to which our English cousins have fallen into the general misunderstanding of the place of truth in publicity.

The Newspaper as a Corrective Agent

There naturally occurs to a reader at this point this question: What is the newspaper doing to make advertising truthful? The newspaper certainly wants to make advertising pay the merchant. The paper likewise wants to keep honesty and good judgment in its advertising columns. The consumer does not want a newspaper for advertisements but for news. But he does want news propaganda and advertising published as such. Thus no stronger friends of better advertising should be found than the newspaper. The Philadelphia papers which I have been analyzing have the following to say relative to their censorship.[1]

Now just exactly how far can a paper go in its censorship? There are those papers which say very frankly that they sell white space. Others say that they want business but they want it only when it comes to them in a form of which they approve. Their censor questions everything and exaggeration, as well as other forms of questionable copy, is looked upon with disfavor. The contention of such a paper is that the paper gives its readers the same care in constructing its advertising columns as it looks for in the preparation of its editorial work. Says this editor, "I rent space in my paper to those who believe that my paper is helpful, entertaining and educational to my readers and when advertising violates the spirit of the paper, it hurts me." It is a matter fairly before the editors as

[1] See Appendix—Exhibit 4.

to just which class they choose to cater to. However, the general run of newspapers would do well to follow the principle of insisting that the editorial and advertising standards of the paper be uniform and that such uniformity be based upon an implicit truth concept.

Remedial Measures

It is believed that we have grown as a profession to the stage where we realize the utter uselessness of attempting to condone the mistakes of the past in advertising. There are no extenuating circumstances. However, if those of greater intellect within the profession are shown situations in which some individual is running counter to the general social good, or failing to help the professional attitude within the larger unit, it is only normally right for those persons to insist upon the changes necessary to allow intelligent functioning of the proper spirit.

The Education of the Individual

Therefore, it would seem that an advertisement should first be worthy of belief. We cannot act entirely as our own censors. We need impartiality. Not that the individual can do nothing. This is erroneous; but over and above the individual, there should be organized effort. A start should undoubtedly be made by the education of the individual. How often we are urged to become alive to our social responsibilities. We are asked to vote and accept our part of the responsibility of running our city. The community wishes us to join in petitioning for this or that improvement. On every side we are reminded that we must become conscious of society. Our social consciousness tells us that we must live in close communion with others and that, therefore, being conscious of the fact, we must share responsibility. Why should we not extend this social consciousness to insisting upon being told the truth in what we read? Of course, we want people to know and to judge in accord with honesty, but let us teach a social consciousness which will insist upon honesty. Then, too, this is bound to react upon the

everyday life of the individual. The individual who thinks in terms of the public, and not selfishly, is bound to consider their viewpoint and to make his actions accord with an intelligent standard. One may not believe that Hudson Seal is seal, but does your neighbor? Of course, by law, we can be stopped from exercising any discretion, but how much better for advertising, to have it said that it has purified its own thinking without the law! By education, character can transcend money as an incentive. Not honesty because it is the best policy, but honesty because of a higher aim, and honesty in our advertising because the public is morally entitled to it. This will be a slow process, but there are at least two organizations from which we can start our campaign,[1] and my remedy for the untruth which exists, and will not yield to reason, is bound up in their welfare. As they abound in power and usefulness, we will come to form habits in accord with their dictates.

Group Trade Organizations

In summarizing an article which recently appeared,[2] the author has this to say: "Our future policy should permit changes in national and state laws to allow for further growth of trade associations. Our government should even encourage and assist in their growth. The trade association is the national means of expressing the standards of an industry." In the advertising field, there should exist a trade association. This is a goal toward which the profession could well move. In its absence, since we know what we want to establish, there is an organization which meets many of the requirements, and partitcularly those regarding the standards which should be observed in making public announcements. Our study has shown us that what the profession needs is a body which will take the public's point of view and protect it against deception.

Advertising is a creative thing; it abolishes the old with little

[1]The local Better Business Bureaus. The national organization now affiliated with the Associated Advertising Clubs of the World.

[2]James T. Young, Ph.D., in an article on *Sales Policies and the Federal Trade Commission*, written for the *Annals of the American Academy of Political and Social Sciences*, September, 1924.

compunction. Constructive by nature, it is made to serve the advertiser, and when conscience begins to play its part in modern scientific thinking, then the duty of truthfulness comes creeping in. Then advertising will be educational as well as punitive.

Better Business Bureaus

Forty-three Better Business Bureaus are today waging war against deceptive practices and offering constructive suggestions to newspapers and retailers. There are other activities outside of the realm of this thesis, but it is only these in which we are particularly interested. The method adopted by one of the commissions in its effort to develop better standards is as follows:

1. Collect all advertising for a period ranging from 2 to 4 weeks and continue to collect advertising in this field;
2. Analyze the advertising in a mass and make a digest or brief of what appears to be "false," misleading or deceptive;
3. Have shoppers make a thorough shopping campaign and make written reports on their experiences regarding advertising and selling methods;
4. Analyze shoppers' reports and make brief;
5. Compare brief on advertising with brief on shoppers to get report on conditions as they are reflected to the public;
6. Interview dealers and buyers, to get their opinion on what they think is wrong;
7. Compile all information and prepare for recommendations, based on:
   a. Material Factor;
   b. Trade Practice;
   c. Public Opinion;
8. Small cross section committee to review proposed recommendations;
9. Call a meeting of all dealers and present your recommendations;
10. Obtain publicity for recommendations—dealer and consumer;
11. Shop carefully to see that recommendations are carried

out;

12. Develop all possible information by your own investigation and with the assistance of consumer complaints to force deceptive advertisers to give up their destructive methods;

13. If the destructive methods are continued, treat by drastic action—either prosecution or publicity, whichever appears to be most advisable for a successful and constructive result.

Having developed standards for the guidance of advertisers, which is a slow, gradual process, because the results must be accurate, the Truth-in-Advertising organizations then undertake to see that these standards are carried out in the actual advertising copy of publications, nationally and locally. Thus, as a guide to advertisers, and further as an unprejudiced semi-public referee endeavoring to maintain a balance of fair play between buyer and seller, the Truth-in-Advertising organizations occupy a unique position, and one that goes direct to the cash drawer service value of advertising.

There is little or no doubt that this type of organization offers a solution to many of our problems. Quoting but one example of the faith which outside organizations have in this body, representatives of 20 national health and welfare organizations adopted a resolution endorsing the Truth-in-Advertising work of the Associated Advertising Clubs and affiliated local bureaus, when these organizations passed resolutions to curb advertising of alleged cures for certain diseases and urged the publishers to help in the work.

This is the organization which, for advertisers, takes the place of a trade association. It is co-operative and unprejudiced; it seems, therefore, to be desirable. Throughout the city we have advertising clubs which might well take their place as exponents of "truth," and even force their point of view. The clubs, however, up to the present, have not presented this militant attitude. So, until it comes, we must hope for the establishment of some organization through the urge of public opinion and the interest of the profession.

The Law as a Corrective

Our next redress is to the law. Before giving the legal agencies involved in this work of preventing false advertising, we should point out that the so-called Printers' Ink Model Statute, directed against misleading and fraudulent advertising, is now in force in many states including Colorado, Idaho, Indiana, Iowa, Kansas, Kentucky, New Jersey, New York, North Dakota, Ohio, Oklahoma, Oregon, Rhode Island, Washington, West Virginia and Wyoming. It was found that common law gave so little protection against misuse of advertising, that some form of law which could be used as a model for State Statutes was a necessity. The state of the "Common Law" as summarized by H. D. Nims, in *Printers' Ink,* shows this aspect as follows:

At common law a civil action was possible against a person who deceived another by false or fraudulent statements, and in such an action, damages might be recovered representing the differences between the value of the thing actually sold in connection with the fraudulent statements and the value of what should have been sold had the representations been made in good faith. This civil action is of little value in preventing frauds of this kind, because of the necessity of proving this damage, and because oftentimes the damage on this basis would be very small. It would be quite possible to pass a statute which would compel the defendant, on judgment being obtained against him, to pay triple damages as is provided in the Sherman Act and even greater damages than this could probably be so authorized if advisable. It is doubtful, however, whether if such a remedy as this was created, it would be sufficiently useful to serve as a preventive of these fraudulent acts.

Turning to the criminal side of the common law, there appears to have been no indictable offense recognized by it which corresponds very accurately to the originating and publishing of a fraudulent advertisement. The nearest analogy to it is found in what the common law called a "cheat" which, according to East's *Pleas of the Crown,* Vol. 2, p. 818, consists in the fraudulent obtaining of the property of another by any deceitful and illegal practice or taken (short of felony) which affects or may affect the public.

A review of the laws of the common laws of the United States pertaining to advertising resulted in the following:

Common Law Summarized

It may be said that (1) there is nothing in the common law, or in these old English statutes which are a part of American common law, which would furnish an argument against enacting statutes making fraudulent advertising a crime; (2) that the common law and the English statutes mentioned furnish, by analogy, ample argument for the contention that fraudulent advertising is a cheat or false pretense, and therefore should be regarded as a crime under the various state statutes prohibiting the use of false pretenses, provided it results in definite injury to some person; (3) that there are statutes in most, if not all, of the states of the Union prohibiting the use of all false pretenses which result in actual injury; (4) that very few courts have passed on the question as to whether or not the use of a fraudulent advertisement is a crime under these statutes.

"Printers' Ink" Model Statute

The statute itself was the work of Mr. Nims, who offered it to *Printers' Ink*, and they in turn suggested it to the Associated Advertising Clubs. Their combined influence has been instrumental in establishing it as law in the states mentioned. Effort is being expended to secure its passage in every other state. The text of this statute follows:

Any person, firm, corporation or association, who, with intent to sell or in any wise dispose of merchandise, securities, service, or anything offered by such person, firm, corporation or association directly or indirectly, to the public for sale or distribution, or with intent to increase the consumption thereof, or to induce the public in any manner to enter into any obligation relating thereto, or to acquire title thereto, or any interest therein, makes, publishes, disseminates, circulates, or places before the public, or causes directly or indirectly, to be made, published, disseminated, circulated, or placed before the public in this state, in a newspaper or publication or in the form of a book, notice, handbill, poster, bill circular, pamphlet, or letter, or in any other way, an advertisement of any sort regarding merchandise, securities, service or anything so offered to the public, which advertisement contains any assertion, misrepresentation or statement of fact which is untrue, deceptive or misleading, shall be guilty of a misdemeanor.

The effectiveness of such a law depends on its enforcement. Little can be accomplished unless some agency exists to give attention to those abuses of advertising which, in most cases, would not

be brought to the notice of the prosecutor's office. The Better Business Bureau fills this need.

The Federal Trade Commission

The last agency which affects the type of advertising we have analyzed is the Federal Trade Commission, established in 1914, which was organized to prevent unfair methods of competition in national trade, to investigate and compile economic facts about corporations engaged in interstate commerce and to supervise export trade associations formed under the Export Trade Act. Before 1914, redress to the courts was the only method by which those injured by some illegal practice could proceed. Unnecessary time and expense were involved in this, as well as the attendant uncertainty. Such was the case against the judicial body. In arguing for an administrative body to handle such affairs, President Wilson on January 20, 1914, in a special message to Congress said, "The business men of the country desire something more than that the menace of legal process in these matters be more explicit and intelligible. They desire the advice, the definite guidance, and information which can be supplied by an administrative body, an interstate trade commission. The opinion of the country would instantly approve of such a commission. It would not wish to see it empowered to make terms with monopoly or in any sort to assume control of business, as if the government made itself responsible. It demands such a commission only as an indispensable instrument of information and publicity, as a clearing house for the facts by which both the public mind and the managers of great business undertakings should be guided, and as an instrumentality for doing justice to business where the process of the courts or the natural forces of correction outside the courts are inadequate to adjust the remedy to the wrong in a way that will meet all the equities and circumstances of the case."[1]

[1]A copy of the Newlands bill of 1914 appears in the Appendix, Exhibit 5 Summaries also appear of the Clayton Act and the Webb-Pomerene Act bearing on the same subject.

A short summary of the activities of the Federal Trade Com-

mission would include the Quasi Judicial Function of:

A. Prevention of unfair methods of competition.

B. Act as master in anti-trust cases if the court desires.

The Economic Functions include:

A. Investigation upon its own initiative, the direction of the President, or either House of Congress, of any corporation engaged in interstate commerce.

B. Collection of reports from any interstate corporation.

C. To investigate at request of the Attorney General or on its own initiative the manner of dissolution of any trust ordered dissolved or the manner of conducting a corporation which has been ordered changed.

D. Collect and publish information of public interest.

E. Supervise export trade associations.

The author's desire in making the following detailed survey of the Trade Commission is to show what has been done by Congress in interstate matters and to show the possibility of some appropriate state action. Congress and the commission are limited in their activity to companies operating in interstate commerce. Retail advertising is usually local. Therefore, that those things which could not be done nationally can be done locally is a truly anomalous situation. After certain preliminary remarks as to the operation of the body, it is the intent to go through the entire six published volumes of the commission's reports; pointing out all of the cases which might easily refer to the type of advertising and misleading copy and merchandise claims noted in our survey of the Philadelphia newspapers. In each case, the page quotation will be noted after a sentence summary of the decision.

An Analysis of the Commission's Procedure and Findings

The intention is to consider in this analysis only those cases which have a definite bearing on advertising. They actually come under the head of "Unfair Methods of Competition." A business man objects to the methods of another person, usually a competitor; he writes to the commission. The commission investigates, preliminary

to issuing any complaints, for they must be satisfied that it would be to the public interest to issue the complaint and they must have reason to believe that unjust methods are being used. All complaints, after being docketed for investigation, are put into the hands of investigators who report and recommend. A board of review considers these recommendations and it in turn gives the facts to the commission. About 70% of the cases are dismissed at this point. Formerly, conference ruling disposed of cases without formal proceedings and without names being published, hoping to establish precedents, and thus cut down the amount of work, but this proved rather ineffectual. The formal complaint is issued by service and gives notice of the day of hearing, at least 40 days after service. A written answer must be made within 30 days, giving the grounds of defense. The procedure is to fix a time and place to begin the taking of testimony at the first hearing. Witnesses are subpoenaed by any member of the commission. After all evidence is in, both attorneys submit briefs on law and fact. Oral argument may be used by the respondent. An order by the commission follows, either dismissing the case, or ordering the respondent to cease and desist from the practice. Reviews of the case are possible in the Circut Court of Appeals but the facts found by the commission are conclusive if testimony supports them.

In attempting to help certain conditions, a practice has been instituted whereby a public meeting of all representatives of an industry is held and discussion on disputed practices is had. These meetings are called trade practice submittals. The findings are submitted to the commission as to their judgment on the proper practices. Usually, though the commission is not bound to do so, it regards these submittals as the law merchant of the industry in its findings.

Unfair methods, in any case (257 U. S. 441), are those methods which are deceptive, in bad faith, or fraud, oppressive of competitors or the public, and binding competition and creating monopolies. It is well to state here that the commission has been subject to much unfair criticism. Large interests have fought its power, but its decisions have made these objectors cease many activities of

doubtful sort. Its cases do not get much publicity, for in most instances the case never reaches a trial, but to take up the search into the records for cases, we will attempt to give only those which could serve as models for intrastate action.

Simulation of competitor's firm name or dress of goods or of a geographical name.

Volume I. 154 Simulation of name mentholanum for mentholatum and of dress of package is unfair competition.

221 A company putting out a mixture of Santos and Columbian coffees under the name M and J in competition with Mocha and Java, without qualification, is using unfair methods of competition.

556 (65) The use of an identical corporate name, National A and B Company was not regarded as fair nor was even one of similar type (424). The National Oil and Supply Company was not held injured by the U. S. Oil and Supply Co. 554 (57).

Volume II. 95 Simulation of the name Universal Battery Service Co. for Universal Battery Co. was unfair (II). W. H. Production Co. using old pictures of William S. Hart Productions Co. (58). Using Malzo to mislead persons who think it Mazo (on the same type of product) (67). The Sweater Store for the Sweater Shop (216). Good Wear Tire and Tube Co. misleading many into thinking it the Goodyear Tire and Rubber Co.

Volume IV. 102 Gargoyle Oils with grades of Mobile Oil A and B was faced with advertising setting forth a product Mobile A oil and representing it as the Gargoyle oil. The commission ordered the concern to discontinue the practice. V. 92.

209 The Bernice Anthracite coal mines were injured by competitors using and advertising the name of Bernice Coal Company and the latter were ordered to desist (120). Allegetti Chocolak Cream Co. in a like case (285). Herning Hall Marvin Co. similar case (323). Marie Louise store found a competitor using Louise written in the same manner and it was held an unfair competitive method (402). Hygrade Knitting Mills Case (155) (410). This case included misstatements in addition to the use of a similar name. Such as "The Only Harmless Coloring in the World." V. 24. Taxi companies.

Volume V. 473 V. 327.

Volume VI. 259 (267) Using the name "Rochester" in connection with clothing has a tendency to mislead the purchaser into believing his clothing was made in Rochester, N. Y., and as such is unfair. (452) Geneva Watches.

253 Advertising Vantampa cigars in effect misleading consumers into believing they were made in Tampa, of Havana tobacco, was deceiving.

Misleading Advertising as to status of jobber or dealer as a manufacturer:

Volume I. 495 A dealer falsely represented that he was a shoe manufacturer selling to consumers. His advertising erroneously indicated that his thought was to produce the best shoes in the world for the money and that his life work has been the study of the manufacture and distribution of shoes to the consumer is violating section 5 of the Act of September 26, 1914.

Volume III. 13 Misleading advertising with intent of holding himself out as a manufacturer and mislead the public into believing that purchase through him would eliminate a middleman's profit was false VI 155—Direct mill connections (101) (497).

Volume III. 168 Using printed forms, supposedly a contract, but in reality a promissory note and using collusion to represent the note as in an innocent third party's hands. Misrepresenting the kind of machine, the price, and condition for returning the machines. Misleading names meant to make the customer believe it was engaged in manufacturing. All of these methods are unjust.

Volume III. 156 Certain companies ostensibly advertised and sold phonographs to cover unpaid storage. Calling themselves Illinois Storage Co. The phonographs had never been in storage nor had they been even removed from original crates. This was regarded as false advertising and as such, unfair competition (163). In addition to the foregoing facts this company offered the machines at ⅓ of the price listed in the advertising.

Volume IV. 410 Advertising so constructed as to mislead consumers into believing that they were buying from a manufacturer and that a saving is thereby made, when in reality no such condition exists, is misleading.

Unfair dealing through disparagement of competitors.

Conference ruling I 561 (75) Advertising the products of a competitor at greatly reduced prices when none were in stock and

attempting to sell his own product was unfair.

541 (4) Sending out printed circulars by dissatisfied customers of a competitor was held in a conference ruling to be unfair.

Volume III. 53 Condemnation of products of competitors by false statements is unfair.

377 A company publishing lists of vacuum cleaners and starring those in which it was especially interested without disclosing the nature of the interest. Using competitors' machines for demonstration after knowingly tampering with them and disparaging their makers is unfair competition.

Volume III. 369 Asperin was the name given to acetyl salicylic acid by the Albany Chemical Co. and assigned to the Bayer Co. The patent ran out and the Albany Company asked in many states for registration of the word. It started a campaign of advertising with deceptive statements as to its rights to the word. A cease and desist order was issued against them as to advertising or claiming its asperin as the only genuine or as to its exclusive rights.

False claims as to endorsements, and imitation of competitor's ads.

Conference ruling I 560 (73) Advertising a toilet preparation by false testimonials was in a conference ruling held to be false and misleading.

235 By typographical arrangement and appearance to imitate competitors' ads is misleading—Sec. III 345.

Volume I. 558 (69) False statements regarding taking over a competitor's business were stopped by a conference ruling.

Volume II. 335 Advertising in such a way as to make the public believe that your goods is that of a competitor is unfair.

Volume III. 361 A calculating machine company should not list the users of its product unless they have actually adopted it.

False claims as to selling a product below cost, cheap, at savings over competitors, or special reductions.

Volume I. 30 Advertising sales of cleaners to convey the impression that they were unusually advantageously priced though in reality the price was the same as obtained at other times constitutes an unfair method in competition.

163 Where a mail order house advertised sugar at lower prices than competitors because of its large purchases and quick moving stock, though in reality it sold at less than cost on condition that other groceries be purchased so as to give a combined sale profit. Statements that its teas were purchased by a special representative in Japan, who selected choice brands and saved the middleman's profits, though in reality he purchased just as his competitors. Advertising that he purchased direct and could sell coffee for lowest prices though in reality he purchased his coffee just as his competitors did, such acts constitute unfair methods. See also III 95, 238.

Volume I. 488 Advertisements falsely representing a saving to purchasers of 25 to 50% in conjunction with secret commissions constitute unfairness.

186 A corporation falsely holding in its ads that it was selling its products at prices below cost is using unfair methods.

Volume II. 188 False statements that certain combination orders were sold for less than that charged by competitors and overstating the competitor's price and supplying inferior quality were regarded as unfair methods—IV 31.

Volume III. 103 Mail order house represented itself as a wholesale merchant and stated that purchasers saved from 30 to 50% on a purchase. Pricing certain well known commodities at a less price comparatively than others and thus deceiving the public. Unfair method.

Volume IV. 330 A retail furniture dealer advertising "NO extra charge for credit" and giving cash customers discounts is a false and misleading method of advertising (33).

False statements concerning the product of advertiser.

Volume I. 440 Published statements falsely claiming to be the only concern that had ever produced an acidless uncut sugar were unfair.

Volume II. 427 A seed company falsely represented its seed as free from weeds, saying that it procured seed at the lowest cost and that it was grown by farmers in the vicinity and that germination was assured and that their Best Grade was made from the cream of the crops. All of this was misleading. See III 177.

Volume III. 151 An unconditional promise as to the truthfulness of statements in a booklet covers all statements, and when a product is supposed to contain no coal tar, and it does, this is misleading advertising. See III 369.

Stocks

Volume II. 413 Misleading statements and promises made preparatory to a sale of stock are methods which

are unjust.

Volume V. 38 Falsely advertising facts about investment companies is misleading (274) regarding assets, resources, progress, production, dividends or prospects (354) (361) VI 51, 60, 131, 163, 149, 475.

Advertising falsely Qualities of a product including seconds as first, rebuilt products.

Volume I. 436 Calling a product linoleum and advertising it as such when in fact it was not is misleading.

105 Failure to disclose to purchaser that tires were not new but rebuilt or reconstructed is unfair —See also II 216, 119, and V 385 as to telephone accessories.

Volume II. 327 A concern sold restranded old as new rope and called it manila. Such procedure was misleading.

Volume IV. 452 Tailor advertising suits made to order at $23.75 and of the finest woolens money can buy when the cloth contained cotton is misleading.

1 Producing a brand of baking powder and advertising it as containing the qualities of a former well known brand when it did not is unfair.

418 Advertising rebuilt adding machines of a reputable company at half price and not having such rebuilt machines, nor being in position to supply them, constituted unfair competition (87). Check writers and changed name plates is an added fraud.

Volume V. 349 Advertising products as first which were in reality seconds is misleading.

219 It is regarded as unfair to advertise a photoplay as new when the name had merely been changed. Advertising rights of production which were in reality never obtained was misleading. VI 89, 119, 191.

Advertising falsely as to the composition of the product.

Volume I. 285 A manufacturer of oils and paints used cuts which falsely represented his factory, office and plant. Adulterated its products and advertised them without so indicating.

Sold Manchurian Linseed Oil which was not imported. These acts constitute unfair competition. See also II 195, 295; III 64, 393; V 203, 435; VI 16, 24; falsely representing lubricating oil as pure 184; as to shellac 340, 481.

13 Using the word C I L K and advertising it when no genuine silk was included was unfair.

16 Labeling and advertising a textile as Kapock Silk Sun-fast Silk and Tub-fast Silk which goods was not made of genuine silk entirely is false and unfair.

By conference rulings 548 (47).

100% Deer Hair should not be used when 50% is goat hair 549 (49). Oxford and Cambridge Silks containing only 15% genuine or cocoon silk is misleading 549 (50). St. Regis silk was likewise condemned containing no cocoon silk 550 (51). Silk Humure of 22% genuine silk came in this category 550 (52). So did Palermo and Mantria Silks containing 28 and 23% silk, respectively 551 (53). Toyanna silk of 29% genuine 552 (54). Savory Washable Art Silks 20%

cocoon silk 552 (55). Agra Silk 15% genuine 553 (56). Sansilk Silkateen and Silkine thread silks containing no pure silk. See II 202 as to hosiery content V 183, 193, 198, 230, 234, 238, 245, 257, 303, 309, 321, 372. VI 74, 502.

Volume II. 202 (207) Manufacturer of wearing apparel advertising men's Graywool shirts and men's natural merino though such goods were partly cotton is misleading and unfair. So pine wool or natural mixed should not be composed of part cotton (223) (228) (233) (238). Australian wool (243). Natural wool (248). Fine Camel's Hair, Fine Wool Ribbed (253). White wool (258). Fine merino (264) (269). Australian wool (274). Scotch wool (279) (285). Persian fleece, Saxony wool, Lamb's wool, Scotch wool (290) (340) (307). See III 1, 189; V 264, 269, 284, 290, 345, 55; VI 84.

Volume IV. 305 Advertising toilet articles as White Ivory though they were actually nitrated cellulose articles has a tendency to mislead and deceive the purchaser (423); Pyralin Ivory combs for 49c was deceiving (446); Imperial Ivory Pyralin Toilet Sets is in the same class VI 203, 462.

51 Advertising pencils engraved in gold when the substance used contained no gold was misleading VI 35. That a product contained no alkali when it did and when it took advantage own manufacture and thus the customers retising. That its lumber products were of its of its advertising of a general belief that iodine was as difficult to remove from cloths

as from the skin is false and misleading.
VI 107 relative to the curative properties and composition of soap—VI 466.

73 It was misleading to advertise certain pigs as not liable to cholera when there is no proof that one class is better than another in this respect. Misstatements were made as to their weight.

Volume V. 136 Using the term "lemon juice" when the toilet preparation contained only a constituent produced from the rind is misleading.

391 100% pure paint with a list of ingredients set forth but containing other matter of an inferior sort and not so advertised is false and misleading.

131 It is misleading to use the name Iceland Seal Plush for a product manufactured from a cotton plush when by usage the name implies a product made from silk.

Advertising falsely the government's connection with a product.

Volume I. 316 An order to cease and desist from publishing false statements to the effect that the product was guaranteed by the U. S. and that the Post Office Department censored its adverceived mill price. That it saved its customers $200 to $500 per building in comparison with regular dealers.

301 A spark plug manufacturer falsely advertised his product as being certified by the Bureau of Standards of the U. S. Dept. of Commerce, and was was ordered to cease and desist.

550 (72) Selling and advertising Army and Navy 8 oz. Standard Duck when the goods do not conform to requirements of either is unfair.

Conference ruling.

Volume II. 388 Ads quoting reports as government, which were not, and using statistics years old, and misstating salaries of officials, is misleading advertising.

Volume III. 42 Using the name Government Supply House and offering in advertisements War supplies though no government supplies were in their stock is misleading (130). Army and Navy Paint Co. advertising Our brand of Army and Navy paint has a tendency to mislead the public into thinking the paints had been made according to government specifications (402) V 112, 253. U. S. government adopts Sal-Tonik and reproducing falsely alleged endorsements when only one purchase of the product was made by the government is misleading. IV 149. VI 294, 384.

Volume IV. 41 Asserting falsely in advertising that the company's spark plug was the first officially approved for the Liberty Motor with misstatements as to the labor involved in producing it were held false.

387 Misstatements that the Government Bureau of Mines had tested an oil and found it desirable was misleading.

Misstatements for the benefit of the retailer.

338 Knives sold at $4.25 a dozen were mounted on display cards labeled $1.50 or those selling at $4.75 a dozen labeled Gold Filled Knives. Warranted Steel Blades $0.98 regular price $2.00. The prices were not even the contemplated selling price but were to deceive the public and as such mislabeled (342) (346).

As to razors under similar conditions (351). Safety razors (363) (373) (368) (372) (378) (382). The same case of misleading misrepresentation of the corporations place of business and resale prices but applied to toilet soap (397) (317).

163 Use of unfair markings on fountain pens allowing storekeepers to sell a pen sold at 7c for 25c, at $1.50 for $3 because they are so marked upon the individual boxes. Customers are thereby deceived into thinking they are getting a pen at a great reduction (167) (172) (177) (182) (193) in addition the points marked 14K to deceive the public (199) (204) (334).

Volume V. 424 A retail clothier in a good retail district advertised that it must sacrifice its regular stock regardless of cost and brought in inferior stock for the sale marking it with fictitious cancelled figures is using unfair methods.

This summary has not been made merely to make an investigation of the Commission, but rather to show that most of the faults found with our local advertising, had they been made in national advertising, could have been remedied by the Commission.

Summary

Therefore, let me summarize the report in terms of possible remedial measures for the defects which exist in our advertising. First: The individual can do much to eradicate untruthfulness in advertising by insisting upon doing business with honest merchants. He can insist that they speak truthfully to him through the display advertising which they create. James Harvey Robinson in his book, *The Mind in the Making*, seems to hold forth great hope in this regard when in summary he says: "We are in the midst of the

greatest intellectual revolution that has ever overtaken mankind." This means, if true, that we may look for increasingly greater results from this source.

The next remedy would be to put upon the statute books of Pennsylvania some such active piece of legislation as other states have adopted. Either the *Printers' Ink* statute or some other equally effective and efficient law might suffice. Next, some trade association should be organized which would establish standards, and if this organization were effective, the next suggestion might prove unnecessary. In other words, first improve from within, and outside forces may not be necessary. In this respect, we are hoping for a new organization, though of course, in a limited sense, the Associated Advertising Clubs and their associated local bureaus are in a position of a semi-trade organization. We must realize that the control question resolves itself into three possibilities: individual, co-operative or governmental. Individualism can only operate as the individuals represent an intelligence which is not displayed under present conditions. Second, co-operation. As representative of co-operative regulation, we have trade associations designed to be of influence in certain trades, but made up of independent units. Governmental regulation has seemed to be contrary to the business principles of American industry, and we constantly hear cries of less governmental interference.

It remains for those in the advertising profession to consider whether their group opinion concerning right and wrong shall prevail and whether it is fairer and more flexible than governmental enactments. Collective responsibility on the one hand, and public opinion on the other, will surely serve a more useful purpose than simply having the legal point of view established. The economic significance and legal status of such associations is carefully considered in a new publication by the National Industrial Conference Board on "Trade Associations."

The last consideration is the establishment of some Intrastate Trade Commission which would investigate and regular advertising practices. In Philadelphia, we have no operative agencies to pro-

tect either the public or the profession. We are in need of them, as far as this investigation indicates. As Edgar A. Singer, Ph.D., in *Modern Thinkers and Present Problems* has put it, "if we go the toilsome way toward the conquest we dream of, he or the one that comes after may sometime look back on us and say, yes, that was progress. . The measure of man's co-operation with man in the conquest of nature, measures progress." If, therefore, we simply record progress and enlist the co-operation of those who will carry on the idea of constructive work, it is the author's belief that we need not look beyond the individual and the profession for the solution of our problem.

APPENDIX

EXHIBIT 1

TABLE SHOWING VARIATIONS IN TYPE OF ADVERTISING FOR TEN DIFFERENT COMMODITIES IN EIGHT CITIES
SATISFACTORY—BORDERLINE—DECEPTIVE

	New York			Boston			Chicago		
Commodities	Satis.	Bor-der	Decep.	Satis.	Bor-der	Decep.	Satis.	Bor-der	Decep.
Automobiles	72.5	27.5	0	68.4	31.6	0	100	0	0
Financial	92.5	6.75	0.75	97.4	2.6	0	97.1	2.9	0
Furniture	79.	21.	0	59.	40.3	.7	73.	24.	3.
Medical	60.5	29.4	11.1	49.	21.	30.	79.6	14.1	6.3
Men's Clothing	79.	19.3	1.7	83.5	16.5	0	85.1	14.9	0
Women's Wear	78.3	19.25	2.45	92.2	7.8	0	83.	15.	2.
Furs	80.	20.	0	73.	27.	0	63.	37.	0
Jewelry	100.	0	0	100.	0	0	72.	28.	0
Leather Goods	78.	22.	0	72.	28.	0	69.	29.	0
Shoes	95.	5.	0	96.	4.	0	82.	17.	1.
All commmodities ocmbined	80.5	17.5	1.6	87.8	19.8	3.4			

	Detroit			St. Louis			Cleveland		
Commodities	Satis.	Bor-der	Decep.	Satis.	Bor-der	Decep.	Satis.	Bor-der	Decep.
Automobiles	76.	22.7	1.8	90.	8.	2.	70.5	24.	5.5
Financial	78.	15.5	6.5	79.	21.	0	96.	4.	0
Furniture	43.5	41.	15.5	84.	16.	0	100.	0	0
Medical	49.	25.8	25.2	54.5	12.	33.5	34.2	30.8	35.
Men's Clothing	72.4	25.2	2.4	80.2	19.6	.2	87.	13.	0
Women's Wear	72.5	25.	2.5	63.5	20.35	16.4	84.9	15.1	.0
Furs				100.	0	0	100.	0	0
Jewelry	90.	10.	0	100.	0	0	100.	0	0
Leather Goods				100.	0	0	100.	0	0
Shoes	87.	15.	0	100.	0	0	93.	7.	0

	San Francisco			New Orleans			Totals		
Commodities	Satis.	Bor-der	Decep.	Satis.	Bor-der	Decep.	Satis.	Bor-der	Decep.
Automobiles	99.5	.5	0	65.6	34.4	0	75.6	23.6	.8

Financial	73.5	1.37	12.8	99.	1.	0	90.5	6.7	.18
Furniture	100.	0	0	74.	25.1	.9	67.7	28.6	.37
Medical	47.2	18.8	34.	62.5	12.7	24.8	53.	20.	.27
Men's Clothing	67.5	24.2	3.3	74.	19.5	6.5	76.5	20.8	2.7
Women's Wear	77.6	15.1	7.3	82.5	7.5	10.	79.31	15.63	5.08
Furs	100.	0	0	100.	0	0	88.	12.	0
Jewelry	100.	0	0	100.	0	0	92.25	4.75	0
Leather Goods	100.	0	0	100.	0	0	88.42	11.28	0
Shoes	100.	0	0	100.	0	0	94.12	5.75	.12

The Better Business Bureau of Boston was interested in this survey and through the courtesy of Mr. Edward Greene, secretary of that organization, we are privileged to present the results. The study was made only with consumers as judges and only one paper was used in each town. The results for several towns were not complete in my original copy. The study was made at one of our eastern universities in conjunction with the advertising class-work.

EXHIBIT 2

Questionnaire of Philadelphia Advertisers

This questionnaire is used for the purpose of developing accurate information on the policies and practices of Philadelphia advertisers. The facts obtained are confidential and are to be collated in composite form. No individual's name will appear in the final analysis.

1. What methods of checking the accuracy of statements appearing in your advertising are used?
2. Are you fully acquainted with all characteristics of the goods you are advertising?
2. Are your advertised statements based on your own understanding of what they mean or your customers' understanding of the meaning?
3. What has been your experience with errors in price or other unintentional errors appearing in advertising?
   What steps should be taken to correct such errors, when they occur?
4. Do you advertise an unconditional guarantee for any mer-

chandise offered?

What is your policy when complaints arise under such guarantee?

5. Do you believe in the use of "bait" advertising to attract customers to articles that are dormant or immovable, or of inferior quality to the article featured?

Do you believe in the use of an exceptionally priced article to attract a customer to the purchase of a higher priced article?

What steps in your opinion should be taken when a customer demands an advertised product that is not in stock or which has been disposed of prematurely?

Would you qualify your advertisement with a statement limiting the offering when only a limited number are on hand?

6. What circumstances in your opinion should form the basis of an advertised sale?

Should the sale entirely involve exceptional values from the customers' point of view?

Should the merchandise offered be such that it could not be regularly obtained at the same price in the same store?

Do you believe in the practice of padding sales with merchandise of inferior quality of the merchandise advertised?

What circumstances in your opinion should prevail in order to justify the following:

Going Out of Business Sales
Removal Sale
Bankruptcy Sale
Fire Sale

Should such classification be used to include merchandise added to the regular stock after the announcement of the circumstance on which the sale is based?

7. Do you advertise special sales such as "One Day Only" or "Dollar Day Sale"?

Are all the articles offered regular stock merchandise?

Do regular customers respond to special sales? Do your statements tend to make repeat customers? Is the appeal directed

to a particular class of customers?

Do you advertise "Certain Percentage Off" sales? If so, what forms the basis of your reductions?

Do you believe in the practice of offering a second article free or for one cent when purchased in conjunction with another of the same article? Is it the practice in the trade to offer standard priced merchandise on this basis or is it the practice to dispose of little known or dormant products in this manner?

8. Do you believe that superlatives and exaggerations are proper in advertising?

   Do you believe that the average consumer takes such statements as follows at face value:

   The Best Buy in Town
   The Best at Any Price
   The World's Greatest Sale
   The Only Offering of Its Kind

   What is your reaction to same?

   Do statements rightly occupy a place in advertising?

   Do you believe that flamboyant type of copy is as productive as the straight-forward conservative type having an unquestioned meaning?

9. How should the term "free" be used in advertising?

   Do you believe that the dictionary definition of the word should be the sole basis of its use?

10. How should "seconds" "run of the mill" and imperfect merchandise be advertised?

11. What should form the basis of a reproduction of a testimonial in advertising?—A bona fire unsolicited letter or an expression especially sought out? Should the ability of the testimonial giver to judge, be taken into consideration?

12. Should there be a restriction of the use of illlustrations when same are not truly representative of the thing it atttempts to depict?

    Should an advertiser use a cut that has been copied from a competitive advertisement?

Should a well-known or an exceptioinal article be used as an illustration for a sale composed mostly of other merchandise?

Should an advertiser use an illustration without qualification of an entire building in which he is only a tenant?

Is the "doctoring" of cuts in order to create a different impression a legitimate practice?

13. Are you in harmony with the activity of same advertising in eliminating comparative prices and values?

If not, on what in your opinion should comparative prices be based?—Comparative values?

Should figures be actual or estimated?

Should the lowest as well as the highest figure be given when range of price is used? As "Suits Formerly Up to $85."

14. Should an advertiser in mentioning quantities use estimated figures?

15. What should be the practice in locally advertising nationally advertised trade mark goods?

Should an established trade mark be used in applying to merchandise of the same class?

Should steps be taken to insure the accurate use of trade mark name?

16. Do you believe that the use of trade terms for merchandise should be restricted to those terms that are truly descriptive of the material content, e.g., "silk" only as applied to an all-silk fabric?

Do you believe that established trade terms whose content is not generally known to the public should be qualified? e.g., Hudson Seal (Dyed Muskrat).

Do you believe that the material content should accompany a popular fabric term, such as "velveteen"? What in your belief is the nature of the material content of the following:

Damask
Sateen
Velour

Domet Flannel
Silkette
Velveteen
Silkatine?

Do you believe that the public understands the true content of such fabrics?

In your opinion is the public entitled to the true facts when trade terms are used?

If more than one basic material is used should all be mentioned? e.g., "silk and wool"?

Are you in accord with the use of the term "rayon" or similar term for "Artificial Silk"?

Should the following terms be used in describing anything not composed entirely of Silk of the silk worm?

Satin
Pongee
Velvet
Chiffon
Faille
Canton Crepe
Crepe de Chine
Charmeuse
Foulard
Taffeta
Duveteen

17. Are you in accord with the movement to correctly designate all fur trade names with classifications showing the true nature of the fur? e.g., Hudson Seal, Sealine, Mongolian Wolf.

18. How would you label circular Knit or Mock-Fashioned Hose? Do you believe that "Full Fashioned" should be used solely in designating a hose made by a particular method of manufacture?

In advertising silk hosiery should the fact that parts of the hose, as tops and boots, are not made of silk, be mentioned?

19. Do you believe in naming the woods in furniture advertising?
Do you believe in naming the secondary wood when used in combination with another?
Should birch and gum be used in place of mahogany finish or walnut finish when the furniture advertised is composed of birch and gum?
20. On what, in your opinion, should the following terms be based in order to be correctly used in advertising?

Platinum
Platinum Finish
Gold
Gold Filled
Gold Plated
Silver
Sterling Silver

Is it considered good practice to include the Karat contents when "Gold" is used?
Should artificial stones be advertised as such?
Should manufactured pearls be advertised as "Pearls?" Without qualification?
What should form the basis of products advertised as Ivory, Shell or Amber?
21. What should form the basis of the use of geographical descriptions when applied to merchandise?
Should domestic products be advertised as foreign goods, e. g., "Paris Hats" or "English Broadcloth," both being manufactured in this country?
22. What is your reaction to the use of statements tending to discredit your competitors?
Do you believe in the use of "Knocking" copy?
23. Have you ever used prize awards as an advertising feature?
What steps were taken by you in eliminating chance from such awards?
24. Are competitors taking business from you through false, exaggerated misleading copy? If so, how do you meet such

competition?

25. Are the advertisements in your community generally given to misrepresentation? If at all, what percentage do you judge to be misleading?
26. Are you familiar with the organized effort to promote Truth-in-Advertising through Advertising Clubs and Better Business Bureaus?
    Are you in favor of such efforts? If so, do you believe that this movement has a cash drawer value to you as an advertiser?
    Are you a member of any Advertising Club?
27. What is your opinion of the conditions of advertising in your field today as compared to advertising ten years ago?
    Do you believe that advertising standards have advanced?
28. Do you give any thought to the class of advertising that appears adjacent to your own copy as in the same publication?

EXHIBIT 3

PAPER "X"

Advertising Manager.

Philadelphia, July 13, 1925.

Mr. J. R. Doubman,
Wharton School,
University of Pennsylvania,
Philadelphia, Pa.

My dear Mr. Doubman:

Replying to your letter of July 9th, Display advertising is that advertising wherein reproduction of photographs or large type is permissible.

Classified advertising is that advertising where small type is used, generally agate or 5½ point. Of course, slightly larger type is used on some occasions for headings. Then, classified advertising, by its name, implies classification under certain divisions.

There is really a third style of advertising—that is, limited display, where the advertiser uses reproduction of photographs and display size type, but has the advertisement classified under a certain

heading. By referring to the Classified Section of the Sunday "X" you will note a great amount of this advertising appearing under Real Estate—For Sale and For Rent, etc., and this is known as Limited Display—the word "limited" signifying that only certain styles and sizes of type are permissible.

Trusting this answers your inquiry, we remain,

Very truly yours,

Advertising Manager.

BUSINESS DEPARTMENT

PAPER "Y"

Philadelphia, July 11, 1925.

Mr. J. Russell Doubman,
University of Pennsylvania,
Philadelphia, Pa.
Dear Sir:

In reply to your letter of July 8th, in which you refer to us the question "What is the newspaper definition of display advertising as opposed to classified or editorial matter" would answer as follows:

Display advertising is that which appears (unclassified) anywhere in a publication, regardless of typographical effect.

Classified advertising is that which is arranged in convenient form under various headings such as, "Help Wanted," Real Estate," "For Sale," Business Opportunities," etc., and may be set in either display type or solid agate according to the rules of publication.

Neither of the above has any bearing whatever on Editorial matter.

Very truly yours,

PAPER "Z"

Office of the Advertising Manager

Philadelphia, July 13, 1925.

Advertising Manager.

Mr. J. Russell Doubman,
Wharton School of Finance and Commerce,
University of Pennsylvania,
Philadelphia, Pa.
Dear Sir:

I have yours of the ninth requesting the definition of display advertising as opposed to classified.

Classified advertising is that which is grouped under a heading, such as, Real Estate, Help Wanted, Resorts, School and Colleges, etc.

Display advertising is that which does not appear under a heading but in the regular news column.

Trusting this answers your inquiry satisfactorily, I am

Very truly yours,
Advertising Manager.

EXHIBIT 4

PAPER "W"

Philadelphia, July 13, 1925.

Mr. J. Russell Doubman,
Asst. Prof. in Merchandising,
University of Pennsylvania,
Philadelphia, Pa.
Dear Sir:

This will acknowledge receipt of your letter of the 9th, asking if we exercise any censorship over the display copy of clients.

In this connection we would advise that the ..... advertising columns are open to the competition of all legitimate advertisers. . . .

Yours very truly,
Gen. Adv. Department.

PAPER "X"

June 25, 1924.

Mr. J. Russell Doubman,
Logan Hall,
University of Pennsylvania.
Philadelphia.
Dear Mr. Doubman:

Replying to your letter of June 24, we do censor advertising in our columns. Our regulations are particularly stringent in relation to financial and medical advertising.

During 1923 there appeared in other Philadelphia newspapers 44,126 lines of objectionable financial advertising. Of course, we were not offered all of this for our columns, but a goodly portion of this advertising has been offered to us.

In regard to medical advertising which we do not accept there appeared in other Philadelphia papers a total of 1,285,964 lines, none of which would be acceptable for our columns. We do accept some proprietary copy covering remedies for external application. Aside from this kind of advertising, we, of course, will not permit insertion in our columns advertising that contains absurd or sensational statements.

Trusting this is the information which you are seeking, we are

Very truly yours,
Advertising Manager.

BUSINESS MANAGER'S OFFICE

PAPER "Y"

Philadelphia, June 26, 1924.

Mr. J. Russell Doubman,
Logan Hall, University of Penna.,
Wharton School of Finance,
Philadelphia, Pa.
Dear Sir:

Referring to your letter of the 24th inst., we wish to advise that all copy that appears in the "X" is censored. This is done from many angles. First, to prevent attacks on other advertisers, and secondly, to prevent any misrepresentations or gross exaggerations.

In this, we have to be guided to a great extent by the character of the advertisement, and also by submission of certain points to those that we believe thoroughly versed in the particular line. We throw out considerable advertising that we feel should not be printed, and also edit a vast volume of same.

We do not guarantee any articles advertised, as we do not believe that comes within our province.

The question of passing on the classified advertising is a more intricate problem, as so many are sent us from agencies from all over the United States, and in this case we have to take the standing of the agency into very serious consideration.

We do however try to prevent anything from going in the paper that does not appear legitin.ate, and to eliminate all wild promises.

Trusting this information covers what is desired, we remain,

Very truly yours,

PAPER "Z"

July 2, 1924.

Mr. J. Russell Doubman,
Logan Hall,
University of Pennsylvania.
Philadelphia.
Dear Sir:

Yours of the twenty-fourth ultimo reached my desk today as I have been away.

We accept only copy that on the face looks reliable. We do not accept any financial advertising unless the advertiser is a member of the Philadelphia or New York Stock Exchange or the Investment Bankers' Association, and we do not accept any medical advertising that contains the word "cure."

We very often have copy submitted that is so exaggerated that we immediately refuse it. For instance, a piece of copy was offered to us stating that a Ford could run fifty miles on a gallon of gas by the use of a patented preparation. This, of course, was immediately turned down without investigation.

Copy from established Philadelphia concerns is seldom questioned as we have found Philadelphia advertisers stick very closely to the truth in their advertising, but at all times we endeavor to protect our readers and do not allow them to be mislead in any way.

Trusting this answers your query satisfactorily, I am

Yours very truly,

Advertising Manager.

EXHIBIT 5

The Newlands bill of September 26, 1914 (38 Stat. L., 717) provided:

That a commission is hereby created and established, to be known as the Federal Trade Commission (hereinafter referred to as the commission), which shall be composed of five commissioners, who shall be appointed by the President, by and with the advice and consent of the Senate. Not more than three of the commissioners shall be members of the same political party. The first commissioners appointed shall continue in office for terms of three, four, five, six, and seven years, respectively, from the date of the taking effect of this Act, the term of each to be designated by the President, but their successors shall be appointed for terms of seven years, except that any person chosen to fill a vacancy shall be appointed only for the unexpired term of the commissioner whom he shall succeed. The commission shall choose a chairman from its own membership. No commissioner shall engage in any other business, vocation, or employment. Any commissioner may be removed by the President for inefficiency, neglect of duty, or malfeasance in office. A vacancy in the commission shall not impair the right of the remaining commissioners to exercise all the powers of the commission

The commission shall have an official seal, which shall be judicially noticed.

It abolished the Bureau of Corporations and transferred all the bureau's employees, unexpended funds, and records to the commission, which was instructed to continue all the pending investigations and proceedings of the bureau.

It stated "That unfair methods of competition in commerce are hereby declared unlawful.

"The commission is hereby empowered and directed to prevent persons, partnership, or corporations, except banks and common carriers subject to the Acts to regulate commerce, from using unfair methods of competition

in commerce."

It then outlined the way in which the commission was to carry out this duty. Briefly stated it is: that whenever the commission has reason to believe that a corporation is using any unfair method of competition, and if the commission thinks a proceeding would be to the interest of the public, it shall issue a complaint stating the charges and setting a date for the hearin. The corporation accused has a right to appear at the hearing and to show cause why an order to cease the practice complained of should not be issued. The testimony at the hearings is reduced to writing and kept on file. If the commission, after the hearing, decides that the method of competition is unfair, it makes a report in writing stating its findings as to facts and issues the corporation an order to cease from that method of competition. If the corporation does not obey such an order, the commission may apply to a Circuit Court of Appeals for the enforcement of its order. Or if the corporation receiving an order wishes to, it may obtain a review of the order in the Circuit Court of Appeals. In either case the findings of the commission as to facts, if supported by testimony, is conclusive.

The law also gave the commission power:

(a) To gather and compile information concerning, and to investigate from time to time the organization, business, conduct, practices, and management of any corporation engaged in commerce, excepting banks and common carriers subject to the Act to regulate commerce, and its relation to other corporations and to individuals, associations, and partnerships.

(b) To require, by general or special orders, corporations engaged in commerce, excepting banks, and common carriers subject to the Act to regulate commerce, or any class of them, or any of them, respectively, to file with the commission in such form as the commission may prescribe annual or special, or both annual and special reports or answers in writing to specific questions, furnishing to the commission such information as it may require as to the organization, business, conduct, practices, management, and relation to other corporations, partnerships, and individuals of the respective corporations filing such reports or answers in writing. Such reports and answers shall be made under oath or otherwise, as the commission may prescribe, and shall be filed with the commission within such reasonable period as the commission may prescribe, unless additional time be granted in any case by the commission.

(c) Whenever a final decree has been entered against any defendant corporation in any suit brought by the United States to prevent and restrain

any violation of the antitrust Acts, to make investigation, upon its own initiative, of the manner in which the decree has been or is being carried out, and upon the application of the Attorney General it shall be its duty to make such investigation. It shall transmit to the Attorney General a report embodying its findings and recommendations as a result of any such investigation, and the report shall be made public in the discretion of the commission.

(d) Upon the direction of the President or either House of Congress to investigate and report the facts relating to any alleged violations of the antitrust Acts by any corporation.

(e) Upon the application of the Attorney General to investigate and make recommendations for the readjustment of the business of any corporation alleged to be violating the antitrust Acts in order that the corporation may thereafter maintain its organization, management, and conduct of business in accordance with law.

(f) To make public from time to time such portions of the information obtained by it hereunder, except trade secrets and names of customers, as it shall deem expedient in the public interest; and to make annual and special reports to the Congress and to submit therewith recommendations for additional legislation; and to provide for the publication of its reports and decisions in such form and manner as may be best adapted for public information and use.

(g) From time to time to classify corporations and to make rules and regulations for the purpose of carrying out the provisions of this Act.

(h) To investigate from time to time, trade conditions in and with foreign countries where association, combinations, or practices of manufacturers, merchants, or trades, or other conditions, may affect the foreign trade of the United States, and to report to Congress thereon, with such recommendations as it deems advisable.

* * * * * *

That for the purpose of this Act the commission, or its duly authorized agent or agents, shall at all reasonable times have access to, for the purpose of examination, and the right to copy any documentary evidence of any corporation being investigated or proceeded against; and the commission shall have power to require by subpoena the attendance and testimony of witnesses and the production of all such documentary evidence relating to any matter under investigation. Any member of the commission may sign subpoena, and members and examiners of the commission may administer oaths and affir-

mations, examine witnesses, and receive evidence.

Such attendance of witnesses, and the production of such documentary evidence, may be required from any place in the United States, at any designated place of hearing. And in case of disobedience to a subpoena the commission may invoke the aid of any court of the United States in requiring the attendance and testimony of witnesses and the production of documentary evidence.

The Clayton Act, passed and approved on October 15, 1914 (38 Stat. L., 730) prohibited the following practices and gave the commission authority to prevent them:

Price discrimination is prohibited where the effect is substantially to lessen competition or create a monopoly.

Tying contracts where the seller gets the purchaser to agree not to deal in commodities other than his are prohibited.

Holding companies which in effect lessen competition are prohibited as are interlocking directorates where they are competitors and either has capital, surplus and undivided profits of more than $1,000,000.

Under the Export Trade Act the Federal Trade Commission was empowered to investigate "trade conditions in and with foreign countries where associations, combinations or practices or other conditions may affect the trade of the United States."

The Webb-Pomerene Act of April 10, 1918 (40 Stat. L., 516) exempts associations engaged solely in export trade from the operation of the Sherman Anti-Trust Act and the Clayton Act in so far as it relates to holding companies. The Trade Commission must receive reports from these export trade associations and see that no unfair methods of competition are used in export trade. The Trade Commission recommends to the association any changes and if action is deemed necessary, it will refer its findings to the Attorney General for appropriate proceeding.